DEBATES

OF

THE SENATE

OF THE

DOMINION OF CANADA

1936

OFFICIAL REPORT

Editor: DAVID J. HALPIN

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

Reserve Reporter: THOS. BENGOUGH

FIRST SESSION—EIGHTEENTH PARLIAMENT—1 EDWARD VIII

OTTAWA

J. O. PATENAUDE, I.S.O.

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1936

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SENATORS OF CANADA

ACCORDING TO SENIORITY

JUNE 23, 1936

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

SENATORS	DESIGNATION	POST OFFICE ADDRESS
The Honourable		
Raoul Dandurand, K.C.	De Lorimier	Montreal, Que.
Joseph P. B. Casgrain	De Lanaudière	Montreal, Que.
Joseph M. Wilson	Sorel	Montreal, Que.
Rufus Henry Pope	Bedford	Cookshire, Que.
George Gordon	Nipissing	North Bay, Ont.
Ernest D. Smith	Wentworth	Winona, Ont.
James J. Donnelly	South Bruce	Pinkerton, Ont.
Charles Philippe Beaubien	Montarville	Montreal, Que.
John Stewart McLennan	Sydney	Sydney, N.S.
William Henry Sharpe	Manitou	Manitou, Man.
George Lynch-Staunton	Hamilton	Hamilton, Ont.
Charles E. Tanner	Pictou	Halifax, N.S.
Thomas Jean Bourque	Richibucto	Richibucto, N.B.
Henry W. Laird	Regina	Regina, Sask.
Lendrum McMeans	Winnipeg	Winnipeg, Man.
David Ovide L'Espérance	Gulf	Quebec, Que.
Richard Smeaton White	Inkerman	Montreal, Que.
Aimé Bénard	St. Boniface	Winnipeg, Man.
George Henry Barnard	Victoria	Victoria, B.C.
James Davis Taylor	New Westminster	New Westminster, B.C.
Edward Michener	Red Deer	Calgary, Alta.
William James Harmer	Edmonton	Edmonton, Alta.
Pierre Edouard Blondin, P.C.	Laurentides	St. François du Lac, Que.
Gerald Verner White	Pembroke	Pembroke, Ont.
Sir Thomas Chapais, K.B.	Grandville	Quebec, Que.
Lorne C. Webster	Stadacona	Montreal, Que.

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

SENATORS	DESIGNATION	POST OFFICE ADDRESS
The Honourable		
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, Que.
William Henry Dennis	Halifax	Halifax, N.S.
John Alexander Macdonald	Richmond—West Cape Breton	St. Peters, Cape Breton, N.S.
Joseph H. Rainville	Repentigny	St. Lambert, Que.
Albert J. Brown	Wellington	Montreal, Que.
Guillaume André Fauteux, P.C.	De Salaberry	Outremont, Que.
Lucien Moraud	La Salle	Quebec, Que.
Horatio Clarence Hocken	Toronto	Toronto, Ont.
Alfred Ernest Fripp	Ottawa	Ottawa, Ont.
Louis Coté	Ottawa East	Ottawa, Ont.
Ralph Byron Horner	Saskatchewan North	Blaine Lake, Sask.
Walter Morley Aseltine	West Central Saskatchewan	Rosetown, Sask.
Edgar N. Rhodes, P.C.	Amherst	Amherst, N.S.
Thomas Cantley	New Glasgow	New Glasgow, N.S.
Felix P. Quinn	Bedford-Halifax	Bedford, N.S.
John L. P. Robicheau	Digby-Clare	Maxwellton, N.S.
John A. Macdonald, P.C.	Cardigan	Cardigan, P.E.I.
Donald Sutherland, P.C.	Oxford	Ingersoll, Ont.
James Arthurs	Parry Sound	Parry Sound, Ont.
Iva Campbell Fallis	Peterborough	R.R. No. 3, Peterborough, Ont.
George B. Jones, P.C.	Royal	Apohaqui, N.B.
Arthur Sauvé, P.C.	Rigaud	Saint Eustache, Que.
Antoine J. Leger	L'Acadie	Moncton, N.B.
Benjamin F. Smith	Victoria-Carleton	East Florenceville, N.B.
Henry A. Mullins	Marquette	Winnipeg, Man.
John T. Haig	Winnipeg South-Centre	Winnipeg, Man.
Eugène Paquet	Lauzon	Bonaventure, Que.
Charles Bourgeois	Shawinigan	Three Rivers, Que.
Frank P. O'Connor	Scarboro Junction	Toronto, Ont.
Charles McDonald		Vancouver, B.C.
William Duff		Lunenburg, N.S.

SENATORS OF CANADA

ALPHABETICAL LIST

JUNE 23, 1936

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

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

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

SENATORS OF CANADA

BY PROVINCES

JUNE 23, 1936

ONTARIO—24

SENATORS	POST OFFICE ADDRESS
The Honourable	
1 George Gordon	North Bay.
2 Ernest D. Smith	Winona.
3 James J. Donnelly	Pinkerton.
4 George Lynch-Staunton	Hamilton.
5 Gerald Verner White	Pembroke.
6 Archibald H. Macdonell, C.M.G.	Toronto.
7 Arthur C. Hardy, P.C.	Brockville.
8 Sir Allen Bristol Aylesworth, P.C., K.C.M.G.	Toronto.
9 Rt. Hon. George P. Graham, P.C.	Brockville.
10 William H. McGuire	Toronto.
11 James H. Spence	Toronto.
12 Edgar S. Little	London.
13 Gustave Lacasse	Tecumseh.
14 Henry H. Horsey	Cressy.
15 Cairine R. Wilson	Ottawa.
16 James Murdock, P.C.	Ottawa.
17 Rt. Hon. Arthur Meighen, P.C.	Toronto.
18 Horatio C. Hocken	Toronto.
19 Alfred E. Fripp	Ottawa.
20 Louis Coté	Ottawa.
21 Donald Sutherland, P.C.	Ingersoll.
22 James Arthurs	Parry Sound.
23 Iva Campbell Fallis	R.R. No. 3, Peterborough.
24 Frank P. O'Connor	Toronto, Ont.

QUEBEC—24

	SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
	The Honourable		
1	Raoul Dandurand, P.C.	De Lorimier	Montreal.
2	Joseph P. B. Casgrain	De Lanaudière	Montreal.
3	Joseph M. Wilson	Sorel	Montreal.
4	Rufus H. Pope	Bedford	Cookshire.
5	Charles Philippe Beaubien	Montarville	Montreal.
6	David Ovide L'Espérance	Gulf	Quebec.
7	Richard Smeaton White	Inkerman	Montreal.
8	Pierre Edouard Blondin, P.C.	Laurentides	St. François du Lac.
9	Sir Thomas Chapais, K.B.	Grandville	Quebec.
10	Lorne C. Webster	Stadacona	Montreal.
11	Donat Raymond	De la Vallière	Montreal.
12	Rodolphe Lemieux, P.C.	Rougemont	Montreal.
13	Edmund W. Tobin	Victoria	Bromptonville.
14	Georges Parent	Kennebec	Quebec.
15	Jules-Edouard Prévost	Mille Isles	St. Jérôme.
16	Charles C. Ballantyne, P.C.	Alma	Montreal.
17	Joseph H. Rainville	Repentigny	St. Lambert.
18	Albert J. Brown	Wellington	Montreal.
19	Guillaume A. Fauteux, P.C.	De Salaberry	Outremont.
20	Lucien Moraud	La Salle	Quebec.
21	Arthur Sauvé, P.C.	Rigaud	Saint Eustache.
22	Eugène Paquet	Lauzon	Bonaventure.
23	Charles Bourgeois	Shawinigan	Three Rivers.
24	.....	.....	.....

NOVA SCOTIA—10

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

NEW BRUNSWICK—10

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

PRINCE EDWARD ISLAND—4

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

BRITISH COLUMBIA—6

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

MANITOBA—6

The Honourable	
1 William H. Sharpe	Manitou.
2 Lendrum McMeans	Winnipeg.
3 Aimé Bénard	Winnipeg
4 John Patrick Molloy	Morris.
5 Henry A. Mullins	Winnipeg.
6 John T. Haig	Winnipeg.

SASKATCHEWAN—6

The Honourable	
1 Henry W. Laird	Regina.
2 James A. Calder, P.C.	Regina.
3 Archibald B. Gillis	Whitewood.
4 Arthur Marcotte	Ponteix.
5 Ralph B. Horner	Blaine Lake.
6 Walter M. Aseltine	Rosetown.

ALBERTA—6

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

CANADA

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Thursday, February 6, 1936.

The Eighteenth Parliament having been summoned by Proclamation of the Governor General to meet this day in its First Session for the dispatch of business:

The Senate met at 10.30 a.m.

SPEAKER OF THE SENATE

Hon. WALTER EDWARD FOSTER, having taken the Clerk's chair, rose and said: Honourable senators, I have the honour to inform you that a Commission has been issued under the Great Seal, appointing me Speaker of the Senate.

The said Commission was then read by the Clerk.

The Honourable the Speaker then took the Chair at the foot of the Throne, to which he was conducted by Hon. Mr. Dandurand and Hon. Mr. Ballantyne, the Gentleman Usher of the Black Rod preceding.

Prayers.

OPENING OF THE SESSION

The Honourable the SPEAKER informed the Senate that he had received a communication from the Governor General's Secretary informing him that the Right Honourable Sir Lyman P. Duff, Chief Justice of Canada, in his capacity of Deputy Governor General, would proceed to the Senate Chamber to open the session of the Dominion Parliament on Thursday, the 6th of February, at 12 o'clock noon.

NEW SENATORS INTRODUCED

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

Hon. Edgar Nelson Rhodes, P.C., K.C., B.A., LL.B., D.C.L., of Amherst, Nova Scotia, introduced by Hon. C. C. Ballantyne and Hon. Charles Tanner.

Hon. Thomas Cantley, LL.D., of New Glasgow, Nova Scotia, introduced by Hon. C. C. Ballantyne and Hon. Charles Tanner.

Hon. Felix Patrick Quinn, of Bedford, Nova Scotia, introduced by Hon. C. C. Ballantyne and Hon. Charles Tanner.

Hon. John Louis Philip Robicheau, of Maxwellton, Nova Scotia, introduced by Hon. C. C. Ballantyne and Hon. Charles Tanner.

Hon. John Alexander Macdonald, of Cardigan, Prince Edward Island, introduced by Hon. C. C. Ballantyne and Hon. Charles Tanner.

Hon. Donald Sutherland, P.C., of Ingersoll, Ontario, introduced by Hon. C. C. Ballantyne and Hon. G. V. White.

Hon. James Arthurs, of Parry Sound, Ontario, introduced by Hon. C. C. Ballantyne and Hon. G. V. White.

Hon. Iva Campbell Fallis, of Peterboro, Ontario, introduced by Hon. C. C. Ballantyne and Hon. George Gordon.

Hon. George Burpee Jones, P.C., of Apohaqui, New Brunswick, introduced by Hon. C. C. Ballantyne and Hon. F. B. Black.

Hon. Arthur Sauvé, P.C., of Saint Eustache, Quebec, introduced by Hon. C. C. Ballantyne and Hon. P. E. Blondin.

Hon. Antoine Joseph Léger, K.C., M.A., of Moncton, New Brunswick, introduced by Hon. C. C. Ballantyne and Hon. F. B. Black.

Hon. Benjamin Franklin Smith, of East Florenceville, New Brunswick, introduced by Hon. C. C. Ballantyne and Hon. F. B. Black.

Hon. Henry Alfred Mullins, of Marquette, Manitoba, introduced by Hon. C. C. Ballantyne and Hon. W. H. Sharpe.

Hon. John Thomas Haig, K.C., of Winnipeg, Manitoba, introduced by Hon. C. C. Ballantyne and Hon. Aimé Bénard.

Hon. Eugène Paquet, P.C., M.D., of Bonaventure, Quebec, introduced by Hon. C. C. Ballantyne and Hon. Sir Thomas Chapais.

Hon. Emile Fortin, M.D., of Lévis, Quebec, introduced by Hon. C. C. Ballantyne and Hon. L. Moraud.

Hon. Charles Bourgeois, B.A., LL.M., of Three Rivers, Quebec, introduced by Hon. C. C. Ballantyne and Hon. P. E. Blondin.

Hon. Frank Patrick O'Connor, of Toronto, Ontario, introduced by Hon. Raoul Dandurand and Right Hon. George P. Graham.

The Senate adjourned during pleasure.

12745—1

REVISED EDITION

OPENING OF THE SESSION

The Right Honourable Sir Lyman P. Duff, Chief Justice of the Supreme Court of Canada, Deputy Governor General, having come and being seated,

The Hon. the SPEAKER commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that: "It is the Right Honourable the Deputy Governor General's desire that they attend him immediately in the Senate."

Who being come,

The Hon. the Speaker said:

Honourable Members of the Senate:

Members of the House of Commons:

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

The Right Honourable the Deputy Governor General was pleased to retire, and the House of Commons withdrew.

The sitting of the Senate was resumed.

The Senate adjourned until 2.45 p.m. this day.

The Senate met at 2.45 p.m., the Speaker in the Chair.

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 First Session of the Eighteenth Parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

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

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

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

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

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

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

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

A royal commission has been appointed to inquire into conditions in the textile industry, as the result of the closing down on January 18 of one of the textile plants in the city of Sherbrooke, thereby occasioning, in midwinter, and at a time of unemployment, great hardship to hundreds of employees and their families. My ministers are of the opinion that industries should recognize an obligation to co-operate in every manner possible in continuing and providing employment, and that Labour and consumers have a right to have their voice heard, and influence felt, in the control of industrial policy. Where these ends

cannot be effected through voluntary co-operation of all parties to industry, my ministers are of the opinion that there are the strongest of reasons for State intervention.

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

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

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

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

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

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

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

Among matters arising out of the conference, which will be submitted for your consideration, will be a proposal for amending the British North America Act, 1867, in order to provide for certain financial arrangements between the Dominion and the provinces. A committee of Dominion and provincial representatives, appointed by the Dominion-Provincial Conference, is engaged in the consideration of a method and procedure for effecting constitutional amendments.

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

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

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

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

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

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

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

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

Members of the House of Commons:

The Public Accounts of the last fiscal year and the Estimates for the coming year will be submitted for your consideration.

Honourable Members of the Senate:

Members of the House of Commons:

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

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

The sitting of the Senate was resumed.

CONSIDERATION OF HIS EXCELLENCY'S SPEECH

On motion of Hon. Mr. Dandurand, it was ordered that the speech of His Excellency the Governor General be taken into consideration on Tuesday evening next.

RAILWAY BILL

FIRST READING

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

ADDRESSES TO THEIR MAJESTIES

Hon. RAOUL DANDURAND gave notice that to-morrow he would move that addresses be presented to His Majesty King Edward VIII and Her Majesty Queen Mary.

He said: Honourable senators, it is intended that the two resolutions shall be taken into consideration together.

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

THE SENATE

Friday, February 7, 1936.

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

Prayers.

The Hon. the SPEAKER: Honourable members of the Senate, as the Senate has met to-day for the purpose of considering certain resolutions, I will call only the order of motions standing in the name of the Hon. Senator Dandurand.

ADDRESSES TO THEIR MAJESTIES

Hon. RAOUL DANDURAND rose to move the following resolutions:

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

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

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

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

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

That a message of condolence be sent to Her Majesty Queen Mary in the following words:

Your Majesty:

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

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

He said: Honourable members of the Senate, since the demise of His Majesty George V, in British lands and on foreign soil, from every tribune and pulpit, from all men who wield the pen, from the mighty and the lowly, has arisen a concert of encomiums such as history has seldom recorded. The beauty of this eulogy was in its unanimity. To whom was it addressed? To a mighty warrior? To a conquering hero? To a transcendent genius, who had beneficently directed the fortunes of a nation? No. This applauding world was celebrating the virtues of a King who reigned but did not govern, whose sense of duty and whose conscience were his sole guide, and whose life was a notable example to the nation and to the Commonwealth.

It has been observed that the royal influence has increased with the diminution of the executive authority of the King. George V was a model constitutional monarch. The question has often been asked: what can be the influence of the King in his Council? His chief adviser alone can give the answer, since the King does not preside over the Council. If he is endowed with true qualities of heart and mind—detached, as he is, from party bias and electoral considerations—he can discreetly express an opinion that is apt to carry weight with his Prime Minister.

Mr. Baldwin, who was so near the Throne, can best testify on behalf of His Majesty. His words deserve to be enshrined in our parliamentary records. Said Mr. Baldwin, on the evening of His Majesty's death:

> King George, it is true, inherited his position on the Throne, but he won his own way to the hearts of his people. Behind the pomp and pageantry incidental to his great position, he laboured night and day in that high station to which God had called him. The doing of his duty to the utmost of his ability was the guiding principle of his life. Great power, which corrupts weak natures, ennobled our King's character and made him subdue passion and will and energy to his duty to his country. He brought the disposition that is lovely in private life into the service and the conduct of the Commonwealth, and not only in virtue of his office, but in virtue of his person, was he the first gentleman of the land. As the knowledge of the King's complete dedication to duty grew and spread as his reign proceeded, so did the respect of his people turn into reverence, and reverence into love.

What a splendid tribute from one who was in daily contact with our Sovereign!

We all recall how George V, in his Christmas message, emphasized his great desire for peace, and rejoiced that our own family of peoples is at peace within itself and united in one desire to be at peace with all other nations.

I was privileged to be received at Buckingham Palace in December last. His Majesty recalled his visit to Quebec, where I had noticed his deference for older statesmen who surrounded him, his whole bearing bespeaking modesty and gentleness. The King seemed to have aged to a degree. He said that he had not fully recovered his strength after his long illness and a severe operation; that he was getting old, older than all his ministers. He spoke of the trying time of the Great War and expressed the hope that he would not live to see another war. He spoke of Canada, of his admiration for our vigorous and law-abiding population, and of the enthusiasm of the Prince of Wales for Canada and Canadian life.

King George had, to help and comfort him through life, his royal consort, who shared in a large degree the exacting obligations of his high office. Queen Mary's radiant personality was felt far beyond the family circle. The people of Great Britain and of the realm are grateful to Her Majesty for her devotion to the King and to the public weal. Their heartfelt sympathy in her bereavement expressed itself in terms which showed their deep affection.

The hour has struck when we must repeat: "The King is dead. Long live the King!"

The Prince of Wales, as such, is no more. That appellation representing youth, ardent and effervescent, which was familiar to the world at large, will now linger in our minds as recalling a happy vision of an ideal prince. He will now enter upon a new life, more sedate and all-absorbing. The lover of travels and of all sports will deny himself the thrilling and daring adventures which alarmed the King and the Queen.

In 1927 I had the honour of accompanying His Royal Highness, as he then was, from Quebec to Montreal, on the Saint Lawrence. We had most interesting conversations on the duties devolving upon the Prince of Wales, and we came to sports and horse-racing. He remarked that, in spite of the legend, he had not had more falls than the average, but that the terrible photographers had him in the press all the time. "Yet," he added, with a smile, "I once got even with them. I robbed them of big head-lines. On the polo grounds, at the other end of the field, far away from the club house, I was knocked down by a mallet stroke which grazed an eye and made a gash on the eye-brow. My shirt was covered with blood. I was picked up and driven to a nearby hospital, where I was given three stitches"—which were still visible. "If reporters had been at hand, the world would have been told that I was dead."

King Edward will never more play polo. His concern will be to watch a bigger game. Like the look-out at the mast-head, he will be straining his eyes to try to detect, through the mist and deep fog, the breakers ahead. Europe is in a turmoil. When approaching its problems, one realizes that our lot in America is a happy one, for Europeans constantly live dangerously.

We all pray that Providence will give King Edward health, courage and foresight, so that with the help of wise councillors the ship of State may weather the impending storm and ride happily the seven seas.

Hon. C. C. BALLANTYNE: In the absence of my leader the right honourable member from St. Mary's (Right Hon. Mr. Meighen), I have the privilege and the honour of seconding the resolution which has been eloquently and appropriately proposed by the honourable leader of the Senate.

For more than a quarter of a century the late King gave an inspiring example of complete consecration to the service of his people throughout the nations and dependencies of this vast Empire. No preceding sovereign had been in so close and intimate touch with his people; for his voice had gone forth at each Christmastide in an inspiring message to those whom he addressed as a family, as a brotherhood. So there grew up a respect and affection, indeed a love, that mourned for him as perhaps no other sovereign has been mourned in all our history.

It has been said that King George reigned but did not rule. And perhaps this is true in a strictly formal sense. But any such consideration is far overborne by the moral authority and influence which the late King did exercise. Authority founded upon power must in the last analysis yield to authority based upon moral influence, which, in touching the hearts of the people, commands their sanction and cannot be denied. In this higher sense we must regard the life-work of our late beloved King. And, although he has passed, his service to the Empire continues in the memory of his ideals, his purpose, and his devotion to duty.

The mourning has been universal; for the late King was known as friend of all mankind, as true exponent of peace and goodwill. In the kindred nation whose territories adjoin ours there was an expression of sorrow so warm and so sincere that it will ever dwell in our grateful memory.

Therefore with our mourning is mingled a solemn pride, which will endure and which bids us rejoice in what the late King's life meant for us and for all humanity.

Throughout his great career Queen Mary shared his purpose and aided his endeavour. In these days the sympathy of our people goes forth to her, with their prayers for strength to sustain her in this supreme sorrow; and her loneliness will be cheered by the memory that in all the trials and anxieties of her husband's career she was, above all, his comfort and his consolation.

The Crown has passed to one who knows Canada well, and whom Canada also knows, for long ago he won all our hearts. His pledge to the Empire was characteristic: "I will follow in my father's footsteps." What more could we ask?

In firm allegiance to our King, let it be our purpose and our aim to make our country worthy of her great place in the Empire; to strive for unity of ideal and endeavour within that Empire, for world peace and co-operation among all the nations.

The motions were severally agreed to.

Hon. Mr. DANDURAND moved, seconded by Hon. Mr. Ballantyne:

That the Honourable the Speaker do sign the said address to His Most Excellent Majesty the King on behalf of the Senate, and that the said address be presented to His Excellency the Governor General by the Honourable the Speaker of the Senate.

The motion was agreed to.

Hon. Mr. DANDURAND moved, seconded by Hon. Mr. Ballantyne:

That the Honourable the Speaker do sign the said message to Her Majesty Queen Mary on behalf of the Senate, and that the said message be presented to His Excellency the Governor General by the Honourable the Speaker of the Senate.

The motion was agreed to.

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

THE SENATE

Tuesday, February 11, 1936.

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

Prayers and routine proceedings.

COMMITTEE ON ORDERS AND PRIVILEGES

Hon. Mr. DANDURAND moved:

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

The motion was agreed to.

COMMITTEE OF SELECTION

Hon. Mr. DANDURAND moved:

That pursuant to Rule 77 the following senators, to wit: Honourable Senators Beaubien, Buchanan, Graham, Horsey, Meighen, Sharpe, Tanner, White (Pembroke) and the mover be appointed a Committee of Selection to nominate senators to serve on the several standing committees during the present session, and to report with all convenient speed the names of the senators so nominated.

Hon. Mr. POPE: Does that mean the committees will be the same as they were last session?

Hon. Mr. DANDURAND: That is the Committee of Selection.

Hon. Mr. POPE: What is known as the striking committee? Whom does it select?

Hon. Mr. DANDURAND: When this committee meets it will select senators for the various standing committees and will then report to this House.

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

He said: Honourable senators, in rising to move the Address in reply to the Speech from the Throne, I wish, first of all, to associate myself with the sentiments expressed in this Chamber on Friday last with respect to our late King George and his successor Edward VIII. What struck me most in connection with the death of King George, particularly as I come from a part of the country where a great many of the citizens have taken up residence after having lived in foreign lands, lands that years ago abandoned monarchies because they felt that they were autocracies, were the memorial services held in settlements peopled by citizens of that character. Those people expressed the same sorrow over the loss of His Majesty as did native Canadians or British born. I would not say that this occurred everywhere throughout those settlements, but it did occur in a great number of them. And it seemed to me that this expression of devotion and admiration, from people many of whom had been antagonized by monarchal government in other

lands, was probably the highest tribute that could have been paid to our late King. I felt it meant that they had found in him a sovereign of domestic qualities, of democratic traits, a sovereign who had been to them a friend, interested in bringing about social justice and equality among all people throughout the British Commonwealth.

I may say also that the province where I reside is particularly interested in him who is to be known in future as Edward VIII. We can say that his only place of residence outside of Great Britain itself is in the province of Alberta. That is the only place where he possesses property outside of the British Isles. He came out to Alberta and purchased a ranch, neighbouring the ranch of my honourable friend from High River (Hon. Mr. Riley), and also neighbouring one of the ranches of the honourable senator from Calgary (Hon. Mr. Burns). He became a neighhour not merely in name, but in reality. I think the honourable senator from High River will not object to my saying that during the time the Prince of Wales was out there he became an intimate friend of all the ranchers in the vicinity. So a great many of the people of Alberta are particularly interested in the accession to the Throne of him who was formerly known as Prince of Wales and is now Edward VIII. Our new King has probably spent more time in the province of Alberta than elsewhere in Canada, and has become better known to the people there than to the people of any other province.

The contribution he has made to the live stock industry in our province has been an important one. When he acquired his ranch there he brought to it some of the best blooded stock from Great Britain, and this has enormously improved live stock in all parts of Western Canada.

I think the fact that Edward VIII has moved about among the peoples of all parts of the Empire will prove of great value to him during his reign. He has an intimate acquaintance with every Dominion and with very many people all over the Empire.

The Speech from the Throne was delivered to us last week by one to whom I should like to pay tribute because of the position he has held in the world at large in recent years. He occupies a particularly eminent place in the field of literature, and readers not only in British lands, but wherever the English tongue is spoken, have come to know him. Lord Tweedsmuir belongs to a race that has contributed much to the upbuilding of Canada. Wherever we go in Canada, even in the province that was founded and has been developed by the French race, and is to-day predominantly French, we find that men from Scotland are amongst the great builders of the country. They explored, they pioneered, and they have been to the fore in education, business and constructive activities, until to-day no part of Canada is without the impress of the influence of Scotland upon its history. His Excellency is a man of distinguished attainments in literature, and has an intimate acquaintance with public life and world affairs. The impression he has already left upon us in this country leads me to forecast with confidence that during his regime in Canada he will have the same constructive influence upon our national life as had those members of his race who came to us in the days when this part of the North American continent was barely known to the outside world.

And now, if I may, I should like to express a sentiment which I think exists among all the members of this body, namely, that we are pleased at the choice of the honourable senator from Saint John (Hon. Mr. Foster) to preside over our sittings. We feel that he will occupy the position with dignity and fairness.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BUCHANAN: During our associations with him we have found him to be one who has taken an active and intelligent interest in all the affairs of the Senate.

I do not intend to enter into a discussion of everything mentioned in the Speech from the Throne, but I should like to touch upon two or three matters that to me are of paramount interest. Some of them may not have been mentioned in the Speech from the Throne, but they at least relate to some of the proposals incorporated in it.

Like most Canadians, I feel that the country is moving out of the depression, but I would not venture to say that it is moving out rapidly. I hope we are surely, though quietly, getting further away from the depth of the depression all the time; and there are evidences of improvement. But it would be a mistake for us in a parliamentary body to assume that the depression is past and that our problems will soon have disappeared. I differ from those who hold that viewpoint, because I think that at least some of the problems that arose in the depression will be with us for many years to come.

The causes of the depression have been laid at many doors, and probably none has been mentioned with more persistence than the present system—call it capitalism or individualism, as you prefer. I admit that in our present system there are wrongs that should be removed. Until they are removed there will be agitation for the replacement of

that system with something new. "Poverty in the midst of plenty" is an effective cry. What can we do to remove the causes of these wrongs? What changes can we make in the operation of our present system so as to get rid of the menace of unemployment, with its accompanying distress and disturbance? Merely to ridicule or dispute the solutions that are set forth by other schools of thought is not an answer. If we are satisfied that nothing but capitalism is feasible, then we should devote ourselves to making capitalism operate so that there will be less reason for crying out "Poverty in the midst of plenty."

I can understand the attitude taken by the people in my own province since we last met in this Chamber. I do not attribute it wholly to the attractiveness of the theory that was advanced. It was a vote of protest, and it came from a people who had been sorely troubled for the past few years and could easily be led to believe that the present system was ineffective to remedy conditions. Exposures that had been made in the realm of what is commonly known as "Big Business" contributed to it, indeed created the fertile seed-bed upon which the new movement thrives. It is a favourite charge directed to those who do not accept these new theories, that they are the tools of capitalists, that the bankers have a grip upon them and that they are afraid to speak their own minds. If we are to counter these movements, which we think incapable of achieving the ends people have been led to believe are possible, then we must take the kinks out of our present system and make it work in such a way that the plenty we have will be so distributed as to banish the poverty that stares us in the face wherever we go.

Now, having expressed that opinion in regard to what is in the minds of the people in all parts of the Dominion, and in some provinces more than in others, let me ask what is the remedy. Can we so reform capitalism as to provide the remedy for present depressed conditions? I feel that we can. Of course, the views I advance may be disputed by those who are of another school of thought, but during the past year I have seen evidences of an improvement in conditions which I believe is due largely to the slow but sure opening up of avenues of trade with the outside world—with Great Britain and the sister Dominions of the Empire, and in the last few months with the United States. I feel it must be the business of governments in these times to find markets for our surplus products; for, in my opinion, it is only by the restoration of purchasing power that capitalism can be brought to stand on its own feet and defend itself against the attacks that are being made upon it. The lack that has been felt in this country, and particularly in the Prairie Provinces, during the past five years has been an almost complete absence of purchasing power. Purchasing power of the farmers of Western Canada, and, I presume, of the farmers throughout the whole Dominion, went down to a level that had been unknown in recent times. In fact the price of wheat fell to the lowest point in many years.

I sometimes think there is not a proper appreciation of what brought about the financial condition of governments and of individuals in Western Canada. It has been attributed to wasteful expenditures on the part of governments and of individuals. But private extravagance was not general. What happened? When purchasing power decreased to the extent it did, Western farmers were without the means of meeting their obligations in interest and taxes, and consequently the West reached such a position that it was more or less blacklisted by the world of finance.

Let me quote an instance, typical, presumably, of the general condition that existed during 1933. I live in the southern part of Alberta. In those days many persons in Eastern Canada, reading market quotations of wheat at 50 cents a bushel, would conclude that the farmer in my district was getting 50 cents a bushel for his crop. Not at all. He was getting 50 cents a bushel less the freight rate between southern Alberta and Fort William, which in some cases brought his price down below 30 cents a bushel. But that was not his net return. He also had to pay for putting in his crop and taking it off, and the cost left him with a mere pittance to carry on and to maintain his family. A man with a 220-acre farm giving an average yield of 30 bushels to the acre, which would be a very good crop, would probably get a return for all his work of about $1,200, with which to maintain himself and his family, feed his live stock, and provide means for putting in his crop the next season.

That was the condition throughout the West a few years ago. The situation of the cities in Western Canada can be attributed, of course, to conditions brought about by what happened to agriculture. But, more than that, the unemployment in most of the cities in Western Canada began with the stoppage of public works construction in the cities themselves, and branch line construction and other building operations throughout the Western Provinces. The men thrown out of

work in the country drifted into the cities and became a charge upon them, forcing those municipalities to spend very large sums of money every year from 1930 up to the present time.

I hope honourable senators will not charge me with devoting my remarks to-night to matters that might be termed parochial or sectional, for I feel that when discussing national questions we can add to one another's information if we talk particularly about those sections of Canada which we know best, and in that way exchange views which may be helpful in bringing about a better understanding throughout the Dominion.

On top of the depression Western Canada was faced with a condition brought about by drought and crop failures, and probably more serious than in any other period of its history. There were crop failures in south-western Saskatchewan over a period of years. Then last year there was rust in southern Manitoba and many parts of southern Saskatchewan, and there was frost in almost all of northern Alberta and in parts of northern Saskatchewan. Last year at one time the northern part of Alberta—and I think it was the same with the northern part of Saskatchewan—appeared to have in prospect one of the heaviest crops ever known in the history of those sections. In southern Alberta, south of Calgary, there was a very light crop in prospect because of a shortage of rain; in fact we appeared to be on the verge of what looked like a crop failure, or at best a half crop. But what promised to be a bumper yield in the northern areas was practically ruined by frost, while rust destroyed a promising crop in other sections. What actually happened was that the section with the leanest crop got the highest financial return. Such was the situation over a period of years, a situation due not to the depression at all, but to climatic conditions, which destroyed millions of dollars' worth of crop in many sections of Western Canada.

Now I see an improvement in conditions, and there is a better spirit abroad because the farmers are getting higher prices than those of a few years ago. They are spending their money more freely because they have something to spend.

A few days ago Sir Edward Beatty, speaking before the Canadian Chamber of Commerce in Toronto, pointed out something that I think the country at large should keep in mind, namely, that it is of the utmost importance to Canada that what is known as primary industry should be given the greatest encouragement by governments. He said:

> Business men, too, had failed by not impressing on the people at large that Canada is primarily an agricultural community, and that industrial capital and labour in Canada could never for long earn profits and wages greatly out of proportion to the profits or wages of agricultural capital and labour. We should have enough intelligence to know, that in an agricultural community when butter is 40 cents a pound, most people will have 40 cents to buy a pound of butter. That is, to my mind, a more satisfactory condition than one in which butter is 20 cents a pound, and no one has 20 cents to buy a pound.

The absence of purchasing power has very seriously affected our national prosperity during the last few years, and if we can restore purchasing power there will be an improvement all around. It is the business of governments to try to restore purchasing power. If it is not restored, we cannot expect to halt the movement for changes in the present capitalistic system, but that movement will persist and will be supported by many people, because they want something done to better conditions.

As I have said, I believe purchasing power can be restored if we can evolve a policy that will enable us to get into the markets of the world, and to this end we must be prepared to purchase from other countries in order to widen the channels of trade both in and out. I feel that our secondary industries can only thrive when our primary industries are prosperous. It is not so long ago that I was in one of the smaller cities of Ontario. In the course of a conversation I had with the owner of a very important local industry, who represented the third generation of the founder's family, he told me the factory was practically closed down, the employees having been out of work more or less for months. He attributed the condition to the lack of a market for his products in Western Canada. Briefly, this was the history he gave me of the industry. It was started in a small way in the early years of Confederation, and catered to a market confined mainly to Ontario. With the development of the West the market extended to Western Canada, and the plant was enlarged and more men were employed. Later, with the greater expansion in the West, the plant was still further enlarged and the number of employees very considerably increased. The business continued to be very prosperous until the collapse of prices for farm products, with the consequent loss of purchasing power in Western Canada.

I believe it was Professor Allen, of the University of Saskatchewan, who within the last couple of years made a survey as to how much money needs to be expended in that province to put the farmer's buildings, fences,

machinery and other things into proper repair. If I recollect aright he said it would require $100,000,000. Think what it would mean if it were possible to restore the purchasing power of the farmers of Saskatchewan so that they could undertake such repairs, which are undoubtedly necessary. Anyone who travels through agricultural communities knows that houses, barns, fences, are in disrepair and need the expenditure of money upon them. But the owners have not the money to spend; consequently these properties are becoming less valuable every day.

I know, however, from what has happened during the last six months or more, that even with the prices obtainable during 1935 there has been a restoration, slow but sure, of purchasing power. Merchants in many centres of Western Canada did better during 1935 than they had been doing during the previous five years. To understand the improvement taking place one need only look at bank clearings and car loadings. This improvement is due to the fact that farmers in some districts are in better condition than they were, and are out to buy. If their purchasing power continues to increase there will be an increase in employment, because the industries that have felt the loss of purchasing power in Western Canada will begin to benefit from the improvement and will start to put men to work again.

In speaking of improvement I have restricted my remarks mainly to the situation of the grain farmer, but, honourable senators, I do not want this Chamber to think that farming in Western Canada is confined to the raising of grain. I noticed the other day the statement that in the twelve months of last year the province of Alberta marketed more than one million of what are called commercial hogs. I can remember the time when Alberta could not supply its own requirements in that regard. Now it is producing enough hogs to ship for commercial purposes the number I have mentioned; and that figure does not take into account those kept on the farm, of the number of which there is probably no record.

We know, too, of the development that has taken place in the cattle industry. I am far from being as well equipped as the honourable senator from High River (Hon. Mr. Riley) to speak of that industry, but I know that there was a very considerable increase in the marketing of live stock last year and that this increase contributed towards the improvement of purchasing power. I think it was in the Winnipeg Free Press I read that the cattle exported to the United States market last year totalled more than 124,000, as compared with only 6,000 the year before. That is a vast improvement, and it is adding to the purchasing power of the West, because it is bringing money into the possession of one class of our agriculturists, the live stock producers, who were suffering keenly for a number of years. If that improvement can be maintained we are assured of the maintenance and increase of purchasing power.

I can paint a brighter picture of the development of other natural resources besides those of agriculture in the four Western Provinces. Mining has been developed in every province of Western Canada and in the Northwest Territories. Despite the fact that we say money is hard to get, it seems to be possible to get it to carry on mining development. Such a development has been taking place in northern Manitoba, and a new field in northern Saskatchewan promises to be as rich as any in the Western Provinces. We have heard also of discoveries in the Northwest Territories, and we know what has happened in British Columbia. When the depression came upon us we thought the development in the oil fields of the province of Alberta would cease. That has not been so. Individuals and companies have continued to carry on. They have put down new wells and found new fields, and I am more confident than ever I was that in the very near future there is going to be discovered in Western Canada an extensive oil field which will supply a large proportion of our national needs.

Let me give an instance of a field discovered some years ago south of Lethbridge, not far from the Montana border. A number of companies which had put down wells and spent hundreds of thousands of dollars in that field had failed to find oil, but during the past twelve months a company from California, with private capital and no flotation of stock, put down a well, spending more than $200,000, and discovered oil in that territory. Such things have been happening in many parts of Western Canada, though the public at large is not aware of them.

So I believe that as far as the natural resources of Western Canada are concerned we have every reason to be confident about its future.

Many things have occurred to destroy the faith of the people of Eastern Canada in the financial condition of our communities, including some of our cities. But even here there are bright spots. I have been following the reports of municipal meetings and school district meetings in the southern part of the province of Alberta during the past few weeks,

and have been amazed to find nearly all those municipalities and school districts reporting surpluses, balances in the bank, and, in certain cases, taxes collected to the amount of seventy-five or eighty per cent. As an instance of what has taken place I should like to mention the little town of Nanton, not far from High River, with a population of about 1,000. I am going to read from a newspaper report in respect to that town's position, because I think it will help to efface the impression that exists in many minds that Western Canada is insolvent. It is from the report of the annual meeting of the town of Nanton:

> The financial statement showed the town to be in good shape. The town does not owe a single dollar of debenture indebtedness, the last payment being made over a year ago.
> The amount of cash on hand is about $2,000 more than last year.

Some conveniences were provided for the people, for it says:

> Total assets are placed at over $29,000, which includes a $15,000 skating rink and curling rink, town hall, fire station and equipment, and street maintaining equipment, on all of which there is not a single dollar of indebtedness.

That is the record of one community, and I think I could quite easily bring forth evidence to show that, the two large cities in the province of Alberta excepted, nearly all the urban municipalities are in a strong financial position. I have not heard of any municipalities in Alberta being forced into the position of many municipalities in the province of Ontario which have practically fallen into the hands of a receiver and are having their affairs administered by a commission or some government official. That sort of thing has not occurred in Alberta.

While I am on my feet and speaking of the position of municipalities I may refer to the city of Lethbridge, which has a population of perhaps 15,000. The city manager of Lethbridge in making his annual report predicted that if no heavy capital expenditures were made in the next few years that city would be out of debt in 1943. The sinking fund of the city is in a healthy condition, and its tax rate has been reduced; all this in spite of the fact that its contribution to relief has been much heavier than that of other cities of similar population, because of the unemployed coal miners in the district. Good management in past years has placed the city in such a position that unless heavy capital expenditures are undertaken it will be possible for it to be completely out of debt in seven or eight years. I started out with a somewhat gloomy picture. I have tried to end up with something a little brighter.

There is one other thought that I should like to impress upon honourable members in connection with Western Canada, and it relates to the Farm Rehabilitation Act passed by the late Government. If I have the ear of the present Government I am going to say that that Act should be maintained, and that it should be assisted out of the treasury of the Dominion of Canada, for the reason that it will help considerably in rehabilitating many sections of Western Canada which were believed to have been destroyed as far as agriculture was concerned. I think I have told this Chamber on other occasions that ten or fifteen years ago southeastern Alberta had an experience similar to that of certain other sections during recent years. Southeastern Alberta was regarded as a dried-out area with no future possibilities. Many people left it, with the assistance of the Government, but a considerable number remained. Those remaining were told they could not look for any more assistance, and that if their crops failed they would have to take care of themselves. You may be surprised to learn that during the past four or five years the greater portion of that area has been one of the most productive and best sections in southern Alberta. Knowing that they could get no help from outside, the people there set about discovering the best methods of farming. They found the right way to farm—the proper implements to use and the proper methods of cultivating the land. I am not acquainted with the dried-out areas in southern Saskatchewan, but I have been told that it might be much better for the governments to try to keep experienced people in that area than to encourage them to go to areas in the far northern part of the province, where the possibilities may be no better, perhaps not as good. The Farm Rehabilitation Act aims at the recovery of the areas that have been damaged so much in recent years, and in view of what happened in southeastern Alberta I am convinced that any money spent in showing the farmers that by adopting certain methods they might get a crop in what are considered dry years would be well spent, and that it would be better to keep them where they are than to send them some place else, where the result might not be better.

If I were to devote myself to any other question mentioned in the Speech from the Throne it would be to unemployment. I feel very strongly that we are going to have unemployment for a considerable time to come, no matter how greatly purchasing power may be restored. A new race of men and women has been growing up of recent

years, and a place must be found for them, and in order to find a place for them some portion of the old employees must be displaced. There are new elements coming into the picture all the time. While there may be an improvement in employment conditions, unemployment seems to remain very much as it was. What I am most concerned about in this country is the youth of the country. When we see them moving about Canada with no prospect ahead, we can readily understand why appeals of extremists find them responsive. They were born and raised in this country among conditions for which we were responsible, and when some of them place the blame for present conditions on the capitalistic system and those who directed affairs in the past, it is not surprising to find them accepting the views and supporting the movements of those who advocate radical change.

There is a feeling of despair in the hearts of those young men and women. I sometimes feel that there may be in this country hundreds of young men who will not be able to secure an advanced education, but who, if they could obtain one, might contribute most to Canada in the years to come. Among them there might be some potentially great scientist, some great inventor, but there is no means of helping these young people to get the education that would develop their talents and enable them to realize their ambitions. If the proposed Unemployment Commission makes a study of one thing above another, it should be this problem of youth, of finding some means of encouraging ambitious young men and women to go ahead and round out their education, so that instead of having their morale destroyed they may be given encouragement to look forward to the day when they can find some useful and suitable occupation. Under present conditions many of them are up against a blank wall, and they can see no prospect ahead.

Now, honourable senators, I have covered the points upon which I desired to touch in moving this Address. I said a few minutes ago that I still had confidence in this country,—in every part of it, whether bordering on the Atlantic or on the Pacific. No country that is possessed of the great resources which we possess, and whose population is made up of the types of people who live in Canada, can help but go ahead. In my humble opinion, what we need above everything else is an abandonment of the selfish sentiments that may have characterized the actions of some of our people in the past, and a getting together and working together with the highest objectives in view, in the effort to solve our problems and thus to advance the interests of the country as a whole, rather than of individuals. If we keep that objective ahead of us, if we maintain our faith in Canada, if we endeavour to serve our country in order that every person living in it may have the fullest opportunity to realize his ambitions, we shall be doing a great deal towards building up this Dominion and making it a better place in which to live.

Hon. J. E. PREVOST (Translation): Honourable members of the Senate, the reassembly of Parliament this year takes place amid memorable circumstances. In the first place, the opening of this Parliament provides the Canadian people with the opportunity of solemnly proclaiming its loyal attachment to the British Crown, and of expressing its deep regret over the death of His Majesty King George V. This loss is deeply mourned throughout the world, as well as in Great Britain and among all the peoples of the British Empire. That is not only because His Majesty King George V was endowed with qualities which had endeared him to all, but also because as Sovereign of England he represented the great traditions of the world and was at the head of British institutions, which, respected and maintained in their true constitutional spirit, as they were during the reign of the late monarch, have proved a marvellous instrument of harmonious and peaceful government.

The Sovereign who is no more reigned through one of the most momentous periods in the history of the world. Notwithstanding the enormous difficulties which arose, George V leaves his Empire more powerful and more closely knit than he found it.

It has been rightly said that, while rigidly respecting the constitutional traditions of a democracy which remains magnificently faithful to its liberal origin, he knew how to recognize the political, economic and social evolution of the peoples of his Empire. It is only right that we as Canadian citizens should always remember that it was under the reign of George V that our autonomy attained its full splendor: imperial unity and local liberty were fully attained.

The new King of England, His Majesty Edward VIII, in his turn, personifies the noble traditions and the British institutions of which he is the heir, and of which he will be the loyal guardian.

Edward VIII is well acquainted with Canada; I might even say he knows us intimately. His Majesty is well aware that he has no more loyal subjects among the 500 millions who compose his Empire.

It is a curious coincidence that the session begins at the same time as the reign of the new King, that we welcome among us a new Viceroy in whom we greet a brilliant representative of the intellectual élite of the British nobility, that a new Government is in power, and that this Chamber has a new Speaker, who, we are quite sure, will display in the discharge of the duties of his high office the knowledge and experience demanded by it, and the tact and dignity which we know him to possess.

The Speech from the Throne we heard on the day of the opening augurs well for the future. It would be contrary to our duty and our constitutional role to show an irreducible and intractable partisan attitude, but we surely have the right, indeed the moral obligation, to ask ourselves if the country is wisely governed, and if the policies of the new Government follow the right course. Without losing sight of the superior interests of the nation—which must remain our paramount object—let us look at the facts. I mean to leave aside all election disputes, all criticism, all rejoinders, all the glittering theories used to charm the electorate, which is too often treated lightly. Within these walls, where moderation and cool judgment should prevail, where we expect to find a serenity which takes a correct view of the situation, let us ask ourselves if the position of Canada has not improved somewhat during the last few months, either in the domain of interior politics, or in that of external affairs.

Again, let us face the facts. The new Ministry, in power for only three months, immediately settled down to the task of remedying the economic distress. The undertaking is gigantic: to combat unemployment, check the fall of our trade barometer, help distressed agriculture, face the general discontent—so pronounced at one time that the West went so far as to mention secession—consolidate the unity of Confederation, where cracks and fissures are appearing, prevent misunderstanding between the East and the West, etc. The new facts coming to light in the course of the last few months and the Speech from the Throne are proofs that the Government has vigorously set to work. The clouds overshadowing our country yesterday did not make pessimists nor defeatists of true Canadians. They have hopes for the future, and rightly so. This terrible depression must be temporary. As governments succeed each other, they try, each in their own way, to solve our national and economic problems. Far be it from me to blame our governments for the depression: to do so would be both wrong and unjust. But there are many methods of government: some really bad, some good, and others better.

The sessional programme obviously reflects the Liberal party's programme as expounded by its leader, which deals with fourteen points:

(1) Unemployment, the most urgent national problem;

(2) Freedom of external trade;

(3) Freedom of internal trade;

(4) Encouragement of basic industries;

(5) Credit control through the establishment of a Central State Bank;

(6) Investment control bureau to save the public from exploitation;

(7) Preservation of the Canadian National;

(8) Democratization of industry;

(9) Return of responsible government;

(10) Repeal of section 98 of the Criminal Code;

(11) Electoral reform;

(12) A balanced budget;

(13) Co-operation aiming at maintenance of international peace;

(14) A just distribution of wealth.

In less than four months the new Government has undertaken and carried out many things in accordance with this programme.

In order to secure the goodwill and co-operation necessary for the solution of some of our main domestic problems, a Dominion-Provincial Conference was called. This conference set up various permanent committees to study the most important matters, especially unemployment and the revision of our Constitution. Such co-operation between the provinces and the central Government cannot but revive confidence throughout the land.

In the foreign field the expansion of our trade was the chief concern of the new Administration. Less than a month after its coming to power the Government signed a commercial agreement with the United States. By the new reciprocity treaty between Ottawa and Washington, Canada will share in the benefit of the decided revival of business which has been in evidence in the last few months in the neighbouring country to the south. As a matter of fact, this treaty includes the interchange between the two countries of goods at present totalling in value more than one hundred millions of dollars annually.

On January 1, commercial relations with Japan were restored.

Another stimulus to trade: from January 14 Brazil extends to Canadian products the tariff concessions made to the United States through a reciprocity treaty arrived at between those two countries.

There are other commercial treaties under consideration.

In the Governor General's Speech the Government states that the principles sanctioned by the Canada-United States agreement, if extended and applied vigorously and steadily, will help to check the excessive tendencies toward economic nationalism, which is gradually lowering our standard of living and embittering the relations among peoples throughout the whole world.

That means that our foreign trade—strongly on the decline for some years past—will grow larger and larger. Fortunately, we have had in these last few weeks indications of such growth. During the month of December the exports reached a total of $68,419,223, and the imports a total of $38,569,182; the latter showing a slight decline as compared with December, 1934, and the former an increase of $7,000,000. The favourable trade balance in December last increased from $22,167,975 to $29,850,041.

Commercial reports and financial newspapers state that agriculture generally is more prosperous than it has ever been in recent years. On the whole there has been a rise in the prices of farm products, in some cases a decided rise, and the prices for cattle have kept up to a satisfactory level.

We have reason to hope for most happy results, in all spheres, from a constructive programme based on goodwill. In the first place the goodwill of the Government; the goodwill also of all Canadian citizens, goodwill of all countries with which we want to live on good terms by means of mutual, rational and reasonable concessions.

Without going into the history and development of the Liberal method, or rather principle, through all its phases in Canadian politics, I may be allowed to say that the programme of the present Government, as summarized in the Governor General's Speech, and already in course of realization, prepares for the future, while keeping bright the light of the past.

Evolutions, changes, adaptations and concessions are the charactistics of politics in this country, as everywhere, resulting often in such minglings and interminglings that sometimes lines of demarcation become imperceptible. Certain blendings of economic programmes and social reforms have given rise to such confusion that people have wondered what were the characteristic principles of the policies dividing public opinion.

To ascertain this it is necessary to go back to the fundamental ideas by which minds are classified. There are men of Conservative minds and men of Liberal minds; but one must guard against judging them according to the political party in which they have been placed by circumstances, often independently of their choice. There are men of Conservative mind in the Liberal party; and there are men of Liberal mind in the Conservative party. But they constitute the exceptions, and that is understood in the correct definition of Liberalism. The Liberal conception is taken here in its broader sense, meaning action as opposed to reaction, reasonable emancipation of the mind from bondage, progress as opposed to stagnation, education as opposed to ignorance, the allowance of all legitimate liberties, tolerance, opposition to all fanaticism, and an abiding respect for what is just and right.

In such a light Liberalism predominates over all considerations of race, creed, and even political party. That is why Laurier said: "In the heart of all men are to be found principles of eternal truth and unalterable justice, and it is upon these principles that we Liberals must always base our rights and our duties."

The wisest policy is that which is not doctrinaire to the extent of refusing to adapt itself to circumstances, and is not willing to sacrifice the interests of the country for a theory which too often is but Utopian.

Governments must take cognizance of the needs of the people and act accordingly. It will be said that this is opportunism. Undoubtedly. But opportunism is of two kinds: one, contemptible and vile, the changing of heart and mind according to personal advantage; the other, which is of the essence of politics properly understood, a willingness to accept inevitable and honest compromises in order to reach as nearly as possible the end aimed at, which it is so hard to attain at the first attempt. It is by applying such principles and taking its inspiration from the Liberal conception, as I have just defined it, that the Government will rally around itself all men of goodwill for the realization of a useful and beneficent policy.

Are we to allow the suffering from the depression, the economic hardships which have enveloped us for several years past—in a word, matters of money and finance—to be our sole concern? That would be to deny the truth that the world-wide depression is as much a moral question as an economic one. On looking over Canada it is quite obvious that we all desire the protection of our material interests, the progress of the country, the restoration of our finances, the expansion of trade, etc., but, observing also the Canadian mind, I am strengthened in the conviction that the national sentiment which should

inspire and govern our life means more to our existence and our future than our wealth and prosperity. I do not deny the seriousness of our economic problems, but not one of them is a question of life or death for Canada. "Loss of money does not kill," whereas the loss of a true Canadian sentiment would bring about the failure of our national existence.

Nowhere can the national spirit of Canada be discussed more conveniently than in this Chamber, for the Senate was created out of regard for the highest interests of the nation and for the maintenance in its entirety of the spirit of our Constitution.

Now, more than ever, is the time to declare positively that if Canadians fail to live according to their traditions, Canada as a nation is doomed. So, above all, we must be Canadian citizens.

Such a policy, essentially Canadian, must prevail to-day and to-morrow—a broad and generous policy, considerate of all citizens, true to the Empire, yes, but above all true to Canada, this great, beautiful and rich country, England's ally.

I do not want to indulge in fruitless sentimentalism. On the contrary, I am conscious of uttering a fruitful truth and of being on solid ground.

True to a theme that is dear to us, I will repeat here what I have often said all through my career, whether in the province of Quebec or elsewhere. Canada is our fatherland, our sole fatherland. Undoubtedly, as French Canadians, we have a predilection for the province of Quebec. Do you know of any patriot, in any land whatever, without a special preference for a certain region in his own country? For the French Canadians that place is Quebec. And that is but natural. Quebec is our native land, and there we shall be laid to rest. The tender love we bear her does not exclude the broad and deep love we have for Canada as a whole. We love Canada and we want to serve Canada because we love Quebec.

In this country, inhabited by people from so many lands, we feel that a Canadian spirit must rise above political parties, above various races and creeds, above private interests. As in the Forum of ancient Rome, where men of different origins and of all ranks gathered side by side and became equals, once they could say, "Civis romanus sum," so Canadian citizenship, in this Confederation, must make us equal, united, proud and strong.

The policy of the men in power must be inspired with this ideal: to bring forth where it does not exist, to cultivate and strengthen where it does exist, this national spirit which should guide our steps, this broad and noble Canadianism of which this House should set an example, and which is nothing but active love of country.

I wondered, and still wonder, why I had the great honour of being invited by the leader of the Government in this House to second the Address in reply to the Speech from the Throne. It may be that I owe it to the fact that I belong to a generation not yet old, and no longer young, but serving as a sort of connecting link between the old and the new.

With all my heart I thank the honourable leader of the Government in this House for having given me the opportunity of expressing in French, the language spoken by the first kings of England and by the pioneers of this country, ideas which, I am convinced, are shared by all Canadians. I trust I have not been too unequal to my task.

Honorable members, I thank you for your kind and indulgent attention.

Right Hon. ARTHUR MEIGHEN: Honourable senators, we meet to-day under circumstances of quite visible change. Things seem to be different in more or less important particulars in matters of geography and of personnel.

The first thing we rightly observe is the presence of yourself, Mr. Speaker, presiding over the destinies of this House. By virtue of some reason in the minds of the Fathers of Confederation which I have never been able very fully to comprehend, it is not the function of the Upper House to select its own Speaker. Had such, however, been our function, I am sure we could not have discharged it more acceptably to all concerned than it has been discharged in your selection. With the utmost confidence we look to you to preside over our deliberations with fairness and justice to all members, new and experienced, and of either party. On behalf of those for whom I know I can speak, I promise you the courtesy and deference due your office, and the respect which your character commands.

It will not be assuming too much of the character of the patriarch if I venture to extend a welcome to the many new members whom we find amongst us now. There are, I believe, some eighteen who have just entered this Chamber for the first time. Most of them have had experience in the other House, all of them have had considerable experience in many spheres of active life, and all of them, including the last appointment, are, I know, a credit to Parliament. We will

give them such co-operation and assistance as new members have a right to expect, and we hope that their ambitions for usefulness in this assembly will all be amply fulfilled.

I should especially mention the new lady member who takes her place among us (Hon. Senator Fallis). We all welcome her, and we all hope she will enjoy her activity with us.

It does not seem to me quite in order that I should follow the beaten path and extend congratulations to the mover and the seconder of the Address. Such congratulations are befitting when, according to the usual course, the task of moving and seconding the Address is allotted to new members of our House. Both the honourable senator from Lethbridge (Hon. Mr. Buchanan) and the honourable senator from Mille Isles (Hon. Mr. Prévost) are parliamentarians of long standing and experience and have enjoyed for many years the respect of their fellows, both in the Commons when they were there, and in this Chamber. All I need say is, they have vindicated fully the high regard in which we held them.

I was interested indeed in the review of Western conditions by the honourable senator from Lethbridge. He opened his remarks by observing that he intended to speak of some subjects of importance which might or might not be within the four corners of the Speech from the Throne. I can assure the honourable senator that if his mind revolves around any subject of major importance the inevitable conclusion must be that it is not in the Speech from the Throne. Any Speech from the Throne which finds room for a reference to a little commission enquiring into the stopping of a mill, which indeed makes it the subject of its longest paragraph, will have no space left for those great problems that trouble the minds of statesmen and perhaps disturb the peace of the world. Subjects which the honourable senator from Lethbridge reviewed were indeed of interest to everyone. It was especially gratifying to hear him recall the fidelity with which municipalities and other institutions in our Western land have stood by the faith in matters of finance, and how formidably they have battled against every discouragement that could present itself—visitations of nature, drought, rust, grasshoppers—about all that one would think could be forced upon a suffering people. But default is still far from being prevalent in Western Canada, and all this Dominion knows that there resides in the people of that country a determination to maintain its good name; and I can assure the honourable senator that we in Ontario are throwing no stones at Western Canada.

I want to come to a short consideration of some features of the Speech. It is exceedingly brief. I do not know that it is any the worse for that. We have had heavily laden speeches from the Throne at some of our sessions. We have had exceedingly energetic government in Canada for some years past. If indeed there has been error in respect of force, vigour and fertility of administration, the late Government erred on the side of overenergy. So it is not entirely with disappointment that we find a disposition to sail for a moment with the wind and to enjoy moving along under the momentum of the past.

But this Speech from the Throne is not only brief; it is vacuous. Not only is it short, but matters discussed are in the main trivial in so far as there is any presentation of intention to legislate. I call attention at the moment to a paragraph that struck me as somewhat interesting, and especially to a word which seemed to me to have deep significance:

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

One notes particularly that word "ending." When a Speech from the Throne advises Parliament of the intention of the Administration to repeal legislation, it says that measures "repealing" will be introduced. However, what is foreshadowed here is not repeal, but ending. I wonder if honourable members have reflected on what must have revolved in the mind of the draftsman of this Speech from the Throne when he chose "ending" instead of "repealing." If "repealing" had been used there would have to be legislation for the purpose, and we should look forward curiously to what it would be. But the draftsman, knowing there was no legislation to repeal, decided that "ending" would be less perilous, and thus this word was chosen.

What is this legislation which has deprived the House of Commons of its control over taxation and expenditure—this legislation which is going to be ended? It is fortunate for this House that the leader of the Government here (Hon. Mr. Dandurand) will follow me, and will have an opportunity of detailing to the Senate of Canada just what legislation we were foolish enough to pass which stripped Parliament of this power.

Hon. Mr. MURDOCK: May I ask the right honourable gentleman a question? Does this not refer largely to Orders in Council?

Right Hon. Mr. MEIGHEN: I do not think so. I do not want to be satirical. "It is proposed to restore to Parliament its control over taxation and expenditure by ending all measures" and so on. Orders in Council are not measures. Measures are bills or statutes. Orders in Council cannot be passed unless they are based upon and authorized by statutes. Unless they are so based and so authorized, no one need pay any attention to them; they are waste paper, fit only to burn. But measures are referred to here, and we are going to witness this session the ending of some measures. I am waiting anxiously for my distinguished friend opposite (Hon. Mr. Dandurand) to tell me what measures these are, and just how they will be ended without being repealed. Is it that no new legislation will be introduced robbing Parliament of power? A Speech from the Throne does not usually foreshadow what will not be done; it tells us what will be done. This Speech tells us we are going to get rid of certain legislation which has robbed Parliament of certain powers. I want to know as soon as possible to what legislation I shall have to give my attention, because, as I apprehend the powers of Parliament and the facts of legislation, no legislation can possibly be passed that will ever rob Parliament of any power. How can Parliament rob itself?

Now, we are of course free from elections, and we ought to be tolerant to the prevalence of election ballyhoo of all kinds, but it does seem too bad that we should be asked to pass a vote of thanks for a Speech from the Throne which in these respects so manifestly insults our intelligence. Surely this nonsense should have been ended with the elections. If it got any votes and pleased any people to think we had autocracy in office overriding Parliament and the powers of Parliament—well, let it go at that. That is the way of some very often successful men. But why bring the matter up again when the elections are over and revive this ballyhoo of the past?

The honourable senator from Lethbridge dwelt for some time upon the subject of unemployment. There is a reference in the Speech from the Throne to unemployment, and a commission is promised to study this subject, supervise relief and co-operate with other governments, and generally to preside, as it were, over the meditations of the Canadian people in respect of unemployment. There are two other commissions promised in the Speech from the Throne. There is a conference referred to, and there are some references to courts. But this special commission is to take into consideration the whole subject of unemployment. I have been a member of a Government for many years, and have been a witness of the conduct of administration for a longer period, and I have to admit before this House that I do not know of any adequate service a commission can perform in respect of this subject of unemployment and the administration of unemployment funds. I can understand a commission being created to perform a new and specific service which is determined upon as the expression of a new line of policy, but when there is no new line of policy I do not know how a commission which supervises the dispensation of funds, such as have been dispensed for the same purposes over a number of years past, can be of benefit to this country. It appears to me as a shifting of the burden of governmental work from the shoulders on which it was placed to other shoulders, for which the taxpayer will have to pay.

But, worse than that, the tendency of commissions whose main function is the distribution of governmental funds is to add to the amount of those funds and thus to the burden on the backs of the taxpayers, who have to provide the money. We have had many commissions in the past under both Governments. The ideas of commissions are concentrated on their own peculiar work. They like to see it well done, and usually elaborately done. Their minds do not get far beyond the sphere in which they are acting. They do not have to raise the money they are expending; it is handed to them. The onus of taxing to raise the money is not theirs, and that extreme care which is essential to prevent any of those great services getting out of hand entirely is far more likely to be exercised by a Minister of the Crown, under the eye of the Minister of Finance, than it is by a commission. If this peculiar commission is to reach dimensions foreshadowed in this Speech from the Throne, if it is to be as broadly representative as is indicated here, and is to act in co-operation with nearly everybody and every institution and all the provincial governments of our country, then what is to be the size of the commission? Besides, it is going to have some advisers. There is to be a board to advise the commission, which, I presume, will advise the Minister of Finance; and after the advising is all done the people's money will go out.

What is Parliament for? What are these two Houses of Parliament for but to study the

problems of our country, giving first importance to its big problems? And the biggest of all is unemployment. Is it not Parliament's duty to study and under the direction of the Government to evolve policies to be pursued? And is it not the duty of the various services of government—and surely we have enough—to administer these policies under the direction of Ministers?

If there is something you have to move from immediate political control to have it under the general supervision of the Administration, there is a purpose to be served; but I have never heard in this country in the years past, or under the old Government, that there was any object to be served by moving unemployment out of political control. It has not been corrupted; it has not been reduced to helplessness and uselessness. There has been no bedevilment of our unemployment service. Why should it be removed? The first function of the Administration at this time is to deal with the first problem of Canada, and I humbly suggest that though it may be committed to the policy, as it is called, of establishing this finely adorned commission with all sorts of members, and with advisers standing by, it should not put too many powers into the hands of the commission, or anchor it too far off from the watchful eye of the Administration itself, and especially that it should not place it too far from the Minister of Finance.

I have nothing to say at the moment, and I do not know that we shall have very much to say in this House, with respect to some other features of the Speech from the Throne, which deal with matters not directly under our purview. I refer to the question of the treaty with the United States in respect of tariffs, and to the statement that certain difficulties with Japan in respect of customs and dumping laws have been adjusted. It is not too much to observe, however, that treaties, though in the right direction, though moving toward a reduction of those barriers that impede the trade of nations, must be negotiated very carefully and with a most punctilious consideration of the interest of Canadian producers in all lines, or they may eventuate in more harm than good. I do not say these treaties will; but it does not follow that because they are moving down the right way they are going to end our difficulties. I sometimes fear that the decisions were arrived at too hastily, both in respect of the details of the treaty with the United States and paricularly—and this gives me the more concern—in respect of the settlement of the difficulties with Japan, for which credit is taken in this Address. I hope my fears will turn out to be groundless. I hope, indeed, that honourable gentlemen who over long years have kept to the pure milk of the word of Liberalism in respect of tariff matters will now feel themselves empowered to give expression to the doctrines which they so long have loved. They cannot complain now that their efforts will be impeded by provincial governments or provincial labour legislation of any kind. There is nothing in the long road ahead, I think, to stop them in the pursuit of their great and lifelong desire.

The honourable senator from Lethbridge (Hon. Mr. Buchanan) has expressed the view that one of the first considerations of this Chamber is to let the goods of other nations in, so that the people of the West may find markets for their grain. I listened about a week ago to an address, very able in point of diction, very beautiful in form, and certainly very earnestly delivered, by a late distinguished member of the House of Commons now defeated. Never since the day of Michael Clark had I heard the doctrine of free trade so powerfully presented. The speaker believed that no industry was worth preserving which could not preserve itself in competition with everybody over the face of the globe. By its ability to preserve itself, and by that alone, had any industry the right to live. He believed there should be no paternalism, no kindly parental eye watching the difficulties of industries in order that the Government might help them to survive. All this he brushed aside with ponderous thunder and apparent logic. But he left out one consideration, a consideration which we do not have to refer to much in Western Canada, but which nevertheless is very practical and vital to this Dominion. His whole fine structure of political economy rested upon one premise, namely, a free market for labour. There can of course be a free market for labour's products if we are prepared to admit a free market for labour itself. I thought that in the presence of great labour organizations of this country, and in the presence of the employers of labour in tens of thousands, it would have been more frank to say that all these things are impossible unless we are prepared to admit, and to print in our legislation, the doctrine of a free market for labour.

I wonder what would happen in Canada if that were to be proclaimed by Government. If it is not the will of Government to proclaim it, then I do not think it is going to be the will of Government to move very far in the direction pointed out by the

honourable senator from Lethbridge this evening. But the road in front of them is clear: if they want to do it there is no impediment. I do not think they can claim they have not a mandate. So I say to honourable gentlemen: "Go on! Pursue the course. Implement the doctrine you have preached all these years. Let us have Liberalism now in all its pristine power and glory. Let us find what the result will be, and let us in Canada govern ourselves by the practical consequences of the doctrines that honourable gentlemen have been driving in upon Parliament ever since we became members of either House." I do not see very much reference to them in this Speech from the Throne. I do not see very much of the doctrines expounded by the former member for Weyburn and the honourable senator from Lethbridge embodied in this Speech. I do not see much promise of positive action along that line. We have to be satisfied with investigation by commission, and the stopping of a mill in Sherbrooke.

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

I suppose we must be satisfied with that. We had one just a few months ago, but perhaps it is not too soon to have another. I do not think you can satiate the appetite of the Canadian people for probes and investigations if their appetites are correctly diagnosed by our Canadian press. Does the honourable gentleman know a single point in Canada where there is not some investigation going on now? Does any honourable member know any business that is not being probed, or any considerable section of society which is not under suspicion because of governmental probe? So the happy process goes on. One would think all these things could be cured by the immediate and wholesome application of those principles which we have heard and which honourable gentlemen are now as free as the air to put into effect.

Steps have already been taken with respect to the reorganization and consolidation of government services, which it is believed will further their efficiency and effect much needed economies.

I do not know just what that can mean unless it be the union of the Department of Marine and the Department of Railways under the appellation of the "Ministry of Transport." We shall hope for economies there, and shall be glad to have a return brought down at the earliest possible date showing the amount of money saved.

The Speech refers to certain legislation with respect to railways:

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

These words also, no doubt, caused considerable perplexity in the minds of the Administration when they were drafted. The Government is eager to restore more governmental authority in respect of the Canadian National Railways. We in the Senate shall have to be guided by such facts as are revealed before our own committee. I am not certain that it has even been alleged that the railways have suffered because of too great a restriction of governmental control. I did not follow speeches of the campaign closely. I did not hear any of them, but I read the press with fair industry and I am unaware of any allegation that our railways have suffered because of a contraction of governmental control. I was surprised, therefore, when, speaking in Toronto a few months ago, the new Minister of Railways, for whom we all wish so well, foreshadowed the restoration to his department of control of our National Railways. It may be evidence can be adduced to convince us that it is going to be to the advantage of that great system to be brought back into the Railway Department, under whose auspices it wallowed in debt to the extent of scores of millions in years gone by. But such evidence, I should think, would need to be very convincing before there would be a reversal of policy in this direction. If the honourable gentleman who leads this House (Hon. Mr. Dandurand) will give an indication of what sufferings have resulted from the railway not being under the direction of the Department of Railways and Canals, or what the hurtful limitations have been which have prevented its growth and prosperity, it certainly will be welcomed.

It is the duty of this House to review carefully all legislation, especially legislation which affects in such vast figures the finances of our country, and to see that no backward step is taken, no matter how plausibly the program may be stated as clothed in the beautiful language of Liberal diplomacy.

When checking over the Speech for that reference I noticed also:

Transfer of the camps established for the care of single homeless men from the Department of National Defence to the Department of Labour is in process of being effected. Every effort will be made to close the camps alto-

gether at as early a date as expanding employment opportunities permit.

Of the last sentence I have no criticism at all to offer. It does not take a prodigious mind to conclude quickly that the camps were erected with the intention that they would be closed at the earliest possible date, and that no one hoped for their early closing more than those who erected them. Therefore to this policy the House will take no exception. But the first part of the pronouncement is more dubious in its wisdom:

Transfer of the camps established for the care of single homeless men from the Department of National Defence to the Department of Labour is in process of being effected.

I have no reflection to make on the Minister of Labour, and none at all on the Minister of Defence. But in this connection one has to inquire just what was the purpose of the camps and what is the principle of their operation. It never was the original purpose to provide labour. They are not sustained on a labour basis. If they were, the cost would be such that this country could not stand under it. Labour would have to be paid on a basis of prevailing labour costs. Were that the case, or were the purpose to find work, one could understand a transfer to the Department of Labour. But the feature in mind was the taking care of men under discipline, to preserve, by discipline, all those elements of manhood that were disintegrating while the poor fellows walked our streets; and such seemed to be the work of the Ministry of Defence. The House will await evidence to show that this purpose may be better effected by the Department of Labour.

I was glad to note in the Speech from the Throne a reference to legislation to effect a better co-ordination of provincial and federal finances. I welcome that pronouncement. As far as I have been able to divine the intention of the Administration in this respect, it seems to be defensible and wise. If I apprehend it correctly it is this. Means will be provided under the British North America Act by which the Government of Canada may establish a Loan Council, which will in certain eventualities have control of the issue of securities by provinces, and possibly by municipalities. Provinces may or may not, as they choose, come within the purview of that Loan Council. If they come within its purview they will obtain such advantages as the Loan Council can afford, possibly the advantage of Dominion guarantee of credit, and of lower interest as a consequence; and if they choose to stand outside, that is in the exercise of their undoubted right and they will proceed as they are proceeding to-day. To this principle I can see no objection, and it seems to me it ought to result finally in a more harmonious operation of the whole system of provincial and federal credit, and in the checking of certain tendencies which even in our country—I call the West ours still—have brought about extravagant expenditures and those immense difficulties which follow in their wake. There is something to be hoped for from a movement of this kind, and I certainly promise the Administration all the co-operation I can give, and I am sure that of honourable members on this side of the House, in bringing about this result.

As to the succeeding subject, the modification of our constitutional charter by ourselves instead of by the process we have always followed, I cannot say that I am going to take up any bayonet and fight against it. With equal certainty I cannot say that I can get enthusiastic over it. I do not think it makes a great deal of difference. We can get any amendment we want to our charter at the present time, and we have been able to get that for tens of years. But if it is better suited to the situation in this day to effect any amendment directly rather than through the old process, let us do so. There are those who object. For their opinions I have every regard. But I do not see in this any subject of such profound and great consequence as to challenge the attention of the honourable senator from Lethbridge (Hon. Mr. Buchanan). It seems to me pretty much a matter of playing with constitutional trifles.

We shall receive the legislation of the Administration in the spirit in which—I say it with all appreciation—honourable members opposite received ours in the years that have gone by. In this House we have made an effort, which has been common to both sides, to review carefully and to improve legislation with a single eye to the good of Canada. In that work we had the assistance—the industrious assistance— and the utmost co-operation of the honourable senator who now leads this House (Hon. Mr. Dandurand) and of those associated with him. We owe it to them that we now reciprocate to the full. We owe it to them that we utterly abandon prejudice and deal with legislation on its merits. We owe it to them that we make the committees of this House a medium by which all persons peculiarly and directly interested in and affected by legislation may have their arguments heard and make their wishes known, to the end that our legislative product may be the more acceptable. Such service we have endeavoured to perform and we shall en-

deavour to perform in days to come. It may be, indeed, that the field of opportunity for review and improvement will be enlarged in these years beyond what it has been in the five years that have gone by.

Right Hon. Mr. GRAHAM: Not likely.

Right Hon. Mr. MEIGHEN: Be that so or not, it will be the endeavour of us all, whether we are in the majority or in the minority, to make our own conduct a credit to this House and to Parliament.

Right Hon. Mr. GRAHAM: Hear, hear.

Right Hon. Mr. MEIGHEN: It will be our desire that as little of partisanship as possible invade our deliberations. I am sure I am speaking in this respect the mind of all those who sit behind me, and I ask honourable members opposite to let their judgment of our sincerity be governed by results in the next few years.

Hon. Mr. DANDURAND: I intended to follow my right honourable friend this evening, but instead I will act on a suggestion that has been made to me and move the adjournment of the debate until to-morrow afternoon.

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

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

THE SENATE

Wednesday, February 12, 1936.

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

Prayers and routine proceedings.

SPEECH FROM THE THRONE

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. Buchanan for an Address in reply thereto.

Hon. RAOUL DANDURAND: Honourable members of the Senate, in the Speech from the Throne His Excellency the Governor General has expressed his appreciation of the great honour conferred on him by the King in having chosen him to preside for a time over the destinies of Canada. May I state that we Canadians, who are all the architects of our own fortunes—les fils de nos œuvres—and have no aristocratic strain in our blood, are happy in the knowledge that our new Viceroy, by his training, is very near to ourselves. By his industry in the pursuit of a literary career he has ploughed his own furrow and shed lustre on his name. It is the self-made man—the commoner—whom we delight to welcome.

I desire to express my appreciation of the reference made by the right honourable leader on the other side (Right Hon. Mr. Meighen) to the choice made by the Government of the day of the Speaker to preside over our deliberations. The qualities which my right honourable friend found in His Honour's person, and which have been manifest during the several years His Honour has been among us, are qualities which we all recognize. We are confident that he will conduct the proceedings of this Chamber with a full sense of justice to all its members. I join my right honourable friend in congratulating His Honour on his appointment to the Chair.

The mover (Hon. Mr. Buchanan) and the seconder (Hon. Mr. Prévost) of the Address have favoured the House with the special knowledge which they have of conditions prevailing in their respective provinces. I knew that the honourable senator from Lethbridge would give us an interesting statement concerning the situation in the West. We who live in the East are always happy to have first-hand information with respect to our compatriots who live beyond the Great Lakes, and he has given us good reason to hope that things will better themselves, not only in the East, but also in the West, of whose local conditions he has intimate knowledge.

My right honourable friend opposite (Right Hon. Mr. Meighen) has expressed his appreciation of the speeches delivered by the mover and the seconder. The honourable senator from Mille Isles, who comes from my province, gave us an interesting disquisition, philosophical, and perhaps psychological, on the trends of thought to be found in the two major parties that divide public opinion in this country. He has expressed the view that the designations Liberal and Conservative do not always explain the actual situation; that he had found Liberals who were really Conservative, and Conservatives who were really Liberal. He might perhaps have added that here, as in England, it has happened that the Conservative party at times has been more radical than the Liberal party.

My right honourable friend has welcomed the new senators who were sworn in at the opening of this session. I join with him in that welcome. May I express the hope that the constant procession of departing senators will for a time stop, for I realize that I am nearly at its head myself.

The appearance of a lady sitting on the other side of the House is evidence of a happy appointment. I recall that towards the end of last session, as the then Prime Minister (Right Hon. Mr. Bennett) came with His Honour the Deputy Governor for the Royal Assent to Bills, I was sitting on the other side, having to my right the honourable senator from Rockcliffe (Hon. Mrs. Wilson) and to my left my right honourable friend from Eganville (Right Hon. Mr. Graham). As the Prime Minister passed by my seat I told him that he should take notice that we had society on our side. He smiled. Perhaps at the time he had the name of Mrs. Fallis in his mind; which would fully explain the smile.

I was happy to hear from my right honourable friend that he did not intend to play the role of leader of an opposition. That is similar to what I told him when he came into this Chamber. I remember his first word was—and I appreciated it as a high compliment—that I should be henceforth the opponent worthy of his steel. I told him that I disclaimed any such honour, and moreover would not be an opponent, because I did not recognize the existence of such an institution as His Majesty's Loyal Opposition in this Chamber. He seemed somewhat surprised, but I think that during the five sessions we have worked together he has come to realize that there is no systematic opposition here and that we are all bent upon doing our best to improve the legislation that comes to us from the House of Commons.

I may say that in 1922, on taking the leadership for the Government in this Chamber, I expressed the same opinion, pointing out that the framers of Confederation intended this Chamber not to be a duplicate of the Commons, and that if we felt and acted as though we were, our usefulness as a second Chamber would be gone. The Senate is not a duplicate of the House of Commons. We stand above the sharp divisions of party that exist in the other Chamber, and we approach all questions with a desire to do our best for the general interest of the country. I believe that I have been fairly consistent in upholding the underlying principle I then enunciated, both when acting as Government leader and when sitting where my right honourable friend is now sitting. While acting in either capacity I have shown, I think, very little bias. Of course I recognize that, as in the country, there are two trends of thought in this Chamber, but they do not express themselves here in as forcible a manner as in the House of Commons.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. DANDURAND: We have imbibed certain principles and doctrines, which remain with us throughout our career, but when I step into this Chamber I feel that I should leave at the door all political prejudices and address myself simply to the merits of the questions that come before us for consideration.

My right honourable friend has asked for information concerning many of the statements that appear in the Speech from the Throne, and although I shall not deal with them in the order mentioned by him, I think I shall cover all he has brought to our attention.

The right honourable gentleman has spoken of that part of the Address which refers to the formation of a national commission to co-operate with the provinces and municipalities, the commission to be assisted by an advisory committee. He has not much faith in such commissions, and he has expressed his lack of faith in forcible terms. I would draw my right honourable friend's attention to the fact that this matter was submitted to the people of Canada during the last term of Parliament, both in the House and outside, and the people seem to have endorsed such a proposal. There is, I believe, some virtue in it. Heretofore there has been no co-ordination of effort on the part of the Dominion Government, the provinces and the municipalities. There has been no concerted action. We have been furnishing money by the millions to the various provinces without having a general view of the subject. My right honourable friend says, and quite properly, that Parliament should assume the obligation and perform the function of exercising a supervision over this expenditure, but Parliament can only do so through its own committees, and this brings us near to the organization of a separate commission.

I can well see that a national commission could study with benefit the distribution of the unemployed, who are gathered in most of our cities and towns. In Great Britain there is a constant movement to have us open our doors to immigrants from that country; and there is also a constant movement towards the colonization of our lands. But we find throughout this country a resistance to immigration, even though it be from the British Isles, because of the fear that it would increase the number of unemployed in Canada. I have been wondering, however, whether we should not do something, under some system such as would be adopted if people were coming from abroad, to place on the land the unemployed who are in our cities and towns. I have yet to be told that the hundreds of thousands of immigrants who

came from the other side of the Atlantic, whether from the British Isles or the Continent, were sons of the soil. Possibly a large proportion of them were, but what proportion of young men and women, artisans mainly, desired to try to earn a living on the farm? I wonder whether we should not make some effort to solve our unemployment problem by directing back to the land at least those who were born and raised on the farm. I am quite sure there are thousands of them. I think it is quite evident that even if there is a return of general prosperity and the wheels of industry are running full time it will be very difficult to find employment for all the people now on relief. Their numbers have been increased from year to year since 1930 by the younger people growing up and leaving the schools and colleges. This explains why, though the number of employed persons throughout Canada has been increasing, the number of unemployed has not diminished. So one of the duties of that commission should be to apply itself to the solution of unemployment by placing on the land persons drawn from the ranks of the unemployed.

In years gone by we have spent large sums of money on transporting immigrants from Europe to the Canadian West. A nation-wide inquiry into the whole situation might reveal certain parts of Canada where some of those at present unemployed would be welcomed. Of course the provinces, and the municipalities as well, would have a voice in the matter. The idea would be to try to make sure that these people would succeed when they were placed. One of the things that haunt me constantly is the question where our surplus population, at present unemployed, is to be placed as the years go by.

My right honourable friend has spoken of the camps mentioned in the Speech from the Throne. He is not quite satisfied with the general statement that appears in the Speech under that head. I would draw his attention to the fact that while those camps have been under the direction of the Department of National Defence, it is proper that they should be under the Department of Labour. That is the Department which will be most active in trying to give work to the men in those camps, and from the knowledge I have of the activities of the present Minister of Labour, who has explored the whole field, and who may at this moment have reached some interesting conclusions, I am sure that when the policy of the Government is enunciated it will be found that the transfer of those camps has been a good move.

My right honourable friend has made light of the reference in the Speech from the Throne to the closing of a mill in the city of Sherbrooke. I would suggest that he read again that part of the Speech. If he does so he will find that the question involved goes far beyond the closing of a mill. He told us that he had not followed to any extent the discussions which took place on the hustings and over the air during the last election. Had he done so he would know that the present Prime Minister had in hand circulars that were distributed in some industrial towns informing employees that if the Liberal party came into power the industries or mills in those towns would be closed. Although, like my honourable friend, I did not follow the discussions daily, I know that the present Prime Minister made the statement that any mill or industry that was closed by reason of the fact that a Liberal Government came into power would be given an opportunity to justify its action, and that he would go deeply into the whole question of competition in domestic or foreign trade. That is what actuated the Prime Minister in suggesting to his Cabinet that such an inquiry should take place.

My right honourable friend has spoken of the agreement between Canada and the United States. He has not examined very deeply the convention laid on the Table of the House, but he has suggested that in such an important matter hasty action is dangerous. I would point out that for a considerable time the late Government studied the situation. It must have gathered considerable data in order to open negotiations with the United States. Just a few weeks before the election the Right Hon. Mr. Bennett gave out a statement in which he explained that substantial efforts had been made at Washington to negotiate a reciprocity treaty whereby some seven hundred items of our own tariff stood to be affected. Of course we have not the details of that proposal. Not having seen it, I cannot compare its terms with those of the present convention. The statement of the Right Hon. Mr. Bennett was supported by correspondence between the Minister for Canada at Washington and Mr. Cordell Hull, United States Secretary of State. I suppose that later on we shall have the terms of the two proposals placed before us here, and we shall then be able to see in what respects they differ.

I would simply suggest to this Chamber that perhaps the matter was approached by the present Government from a somewhat different angle, because of the divergent views of the two parties on economic questions. No

doubt, when the details of the two proposals are before us we shall be better able to judge what rôle this divergence played in the signing of the last convention. I believe the Liberal policy throughout the last fifty-odd years and more has been a quite uniform and logical one.

We must not forget that all men, on either side of politics, who had anything to do with public affairs from 1854 to 1870, and later, were most eager to obtain a continuation or resumption of the Reciprocity Treaty of 1854-1866. Soon after Confederation Sir John A. Macdonald sent delegations to Washington to try to resurrect that convention, which was based on an exchange of natural products, and in this endeavour he had the good wishes of the Liberal party in the House of Commons and throughout the land. When he came back to power after the election of the 17th of September, 1878, he introduced the National Policy. My honourable friends will see that to the tariff brought down that winter there was an appendix under which the Government was given the right to pass an Order in Council placing on the free list all the natural products which were in the convention of 1854-1866, as soon as the United States would accord equal treatment to our products. That was the desire of the whole Conservative party, and it remained the desire of Sir John A. Macdonald himself until his death in June, 1891. Even as late as February of that year, if I am not mistaken, he had gone to the people with the suggestion that negotiations be opened with Mr. Blaine, the Plumed Knight of the State of Maine, then Secretary of State at Washington, for the resurrection of the Reciprocity Treaty in natural products. And within a month after the election of 1891 he sent to the American capital a delegation, of whom two were, I think, Sir Charles Tupper and Sir George Eulas Foster, but they could not effect anything, because Mr. Blaine would not discuss a reciprocal agreement limited to natural products, though he was ready to consider one which included industrial products as well.

The desire of Sir John A. Macdonald for reciprocity in natural products was in line with the whole trend of thought of our public men from 1866 to 1911, when Sir Wilfrid Laurier sent his Minister of Finance to Washington to open up negotiations again. In 1911 Sir Wilfrid Laurier was successful in securing an agreement for reciprocity in natural products. If honourable gentlemen will look at the Taft-Fielding agreement of that year they will find it tallies almost word for word with the convention which had brought such widespread prosperity to Canada from 1854 to 1866.

But in 1911 it first appeared that the Conservative party had changed its position. In the campaign that year the right honourable the ex-Prime Minister, Mr. Bennett, won his election in Calgary against the Taft-Fielding convention. I was delighted to find that in 1935 the wheel of fortune had turned in such a way as to bring him to reconsider his former stand, and that he would not do now what he had done twenty-four years ago. He who in 1911 had been elected on a platform of opposition to reciprocity with the United States in natural products alone, went to Washington in the years 1934 and 1935 seeking such a reciprocal arrangement, and he was ready to give in return a reduction on seven hundred articles under our Canadian tariff.

My right honourable friend opposite (Right Hon. Mr. Meighen) says that one should not approach a matter of such large dimensions as a convention with the United States in a hasty manner. I would draw his attention to the fact, which I have already mentioned, that considerable data on this convention had already been prepared by the late Government. I would also remind him that the United States President's authority to conclude a treaty which would allow him to reduce duties on foreign goods by fifty per cent was due to expire within a few weeks of the time that the present Government ended its negotiations. We had to try to obtain an arrangement which in the main would satisfy the governments of both countries. I venture to suggest that had those powers of President Roosevelt expired before negotiations had been concluded, the whole matter would have been thrown back into the lap of the American Senate, and all interested parties would have been trying to secure certain advantages or to save themselves from having to make some sacrifices.

Right Hon. Mr. MEIGHEN: Will the honourable gentleman permit me to ask him a question? Did I understand him to say that the late Prime Minister made a request or offer to the American Government for free exchange of natural products between the two countries, such as was provided for in the reciprocity arrangement of 1911?

Hon. Mr. DANDURAND: I say that it stands to reason and common sense that all our natural products which we are desirous of exporting were in the proposal of the Right Hon. Mr. Bennett.

Right Hon. Mr. MEIGHEN: But that is not the point the honourable gentleman made. He indicated the late Prime Minister had

made an offer to the United States of America for the free entry of the natural products of each country, or, as he put it, for reciprocity in natural products, which would include the free entry into Canada of natural products of the United States. Now, I want to know if the honourable gentleman does say that offer was made.

Hon. Mr. DANDURAND: Well, surely it was not made in that form.

Right Hon. Mr. MEIGHEN: Nor in any form.

Hon. Mr. DANDURAND: It could not have been made in that form, because there were limitations in the mandate given to President Roosevelt.

Right Hon. Mr. MEIGHEN: Then it is not so that an offer of free exchange of natural products, such as was in the reciprocity arrangement of 1911, was ever made by the late Government?

Hon. Mr. DANDURAND: Well, I might say that there is no Government, that of my right honourable friend or any other, which would not jump at the chance of having reciprocity in natural products between the two countries.

Right Hon. Mr. MEIGHEN: I make the statement now that no Government of which I am a member will do that, so long as I am a member of it. Will the honourable gentleman say that we in this country are prepared to admit the fruit and vegetables of the United States into Canada without limitation? Is his Government prepared for that to-day?

Hon. Mr. DANDURAND: If my right honourable friend will refer to the appendix to the tariff of 1879, brought in by Sir Leonard Tilley, the Minister of Finance in Sir John A. Macdonald's Cabinet, he will find it covers all the articles that were in the Reciprocity Treaty of 1854-1866, and there was a standing offer to the United States for exchange in natural products.

Right Hon. Mr. MEIGHEN: That is long ago. We did not have a fruit industry then.

Hon. Mr. DANDURAND: I think if the question of reciprocity in natural products were submitted to the people of Canada to-day it would be endorsed by nine-tenths of the agricultural part of our population, the part that is most directly interested in it.

Right Hon. Mr. MEIGHEN: The honourable gentleman is in favour of it himself?

Hon. Mr. DANDURAND: I personally am.

Right Hon. Mr. MEIGHEN: All right.

Hon. Mr. DANDURAND: I think that although the producers in some lines would stand to suffer, there must be some give and take in such a large field. Some people will of necessity be injured to a certain extent by any reciprocity convention. My right honourable friend was a member of the Bennett Government, which was a party to the Ottawa agreements. Those agreements were between members of our own family of nations, yet has he not found that some parts of the Commonwealth, including Canada, stood to suffer in certain respects? My right honourable friend said yesterday that those who had to do with the making of a convention should consider every item of our own products with a view to seeing that it was not adversely affected. But it must be recognized that in developing our trade on a large scale for the general advantage of the country it is almost inevitable that some degree of injury will be inflicted upon certain lines.

My right honourable friend indulged in an interesting flight of eloquence on Liberalism as practised by the present Government, which, he said, had a full mandate to go to whatever lengths it pleased in furtherance of free trade. I would draw his attention to the fact that there is no free trade party in Canada that I know of. There is a fair trade party, and I believe I could count upon my right honourable friend as being one of that party when, having imbibed the atmosphere of the West, he reduced the tariff on agricultural implements by 10 per cent.

My right honourable friend has alluded to the proposed change in procedure for effecting constitutional amendments. He recognizes, I take it, that the British North America Act should be amended in certain particulars; but apparently he is not especially interested in any transfer of the amending power to this Parliament. He states that the present procedure is not irksome, and that we can get any amendments we may desire. But I share with many of my compatriots the sentiment for equality which flows from the Statute of Westminster, and I should be proud to know that, subject to proper safeguards for provinces and minorities, our Parliament had the same power to amend the British North America Act as the Parliament of Australia has to amend its Constitution. There is a certain sense of inferiority in the fact that we must go to

another legislative body, with which our own is equal in status, for the amendment of our Constitution. I think I have mentioned before in this Chamber that I dislike even the appearance of our having to go to a sister Parliament for confirmation of the acts of this Parliament. As I said on another occasion, the equality which I claim to share with the electors in the British Isles is based on the fact that I am not willing to be a subject of the subjects of the King; I want to be directly a subject of the King, just the same as are the citizens of London.

Now I come to an interesting part of my right honourable friend's remarks. He was struck by this paragraph in the Speech from the Throne:

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

He has asked us to weigh this sentence and to inform the House by what legislation we intend to implement the proposal. Will legislation be needed? I think my right honourable friend has not given very much study to this question, for the power which has been withdrawn from the Parliament of Canada in favour of the Executive is to be found in Chapter 13 of 25-26 George V, assented to on April 4, 1935. It is the Act respecting Relief Measures. He will find that loans of unstated amounts can be made to the provinces and to the Canadian Co-operative Meat Producers Limited, and that under the peace, order and good government clause the Governor in Council may take "all such measures as in his discretion may be deemed necessary or advisable to protect and maintain the credit and financial position of the Dominion or any province thereof." The Executive may also "provide for special relief, works and undertakings under control and direction of the Department of National Defence and the Department of the Interior."

I draw his attention to clause 11 of the Relief Measures Act:

> This Act shall expire on the thirty-first day of March, 1936.

So no repeal legislation is needed; the statute will expire on the date specified. But I would remind my right honourable friend that the paragraph which he cited from the Speech from the Throne expresses a policy dear to the heart of the Liberal party as represented by its present leaders.

My right honourable friend has asked: "But how was Parliament deprived of its power over taxation and expenditure? Was it not by its own will, its own consent?" Assuredly it was, but at the express request of the chief of the Executive, who came before the House and asked for those powers. His followers assented. We all know that the House of Commons, as representative of the people, has the right to express its opinion on taxation and expenditure. But before voting any appropriation it is entitled to know the amount and how it will be applied, and to control and supervise that expenditure.

I do not desire to criticize the effect of the legislation; I am simply seeking to answer my right honourable friend, and I tell him that during the five years between 1930 and 1935, by orders in council, there were expended: under Relief Acts, $192,000,000; by way of loans, $95,000,000; in guarantees, $160,000,000. These figures represent a total expenditure of $447,000,000—all without any detailed appropriations.

Right Hon. Mr. MEIGHEN: Will my honourable friend answer this question: Is not all legislation an authorization by Parliament to the Executive in just the same sense as that statute is?

Hon. Mr. DANDURAND: Yes; but my right honourable friend, having been a Minister for a number of years and having presided in Council, knows that the appropriation voted states to whom the money is to go and how it is to be applied. Here you have a blank cheque to the Administration. I am not discussing the policy behind the legislation; I simply state to my right honourable friend that such power was absorbed by the Executive from Parliament—with the will of the majority if you like.

Right Hon. Mr. MEIGHEN: Certainly, and that is always the case in all legislation.

Hon. Mr. DANDURAND: But since for five years the members of the present Government pleaded against the House of Commons being deprived of the power to control this enormous expenditure directly by ear-marking each item, and voted against the principle of money being spent under the peace, order and good government clause, are they not justified now in saying: "Henceforth we will not do that. We will revert to the old policy of the House of Commons maintaining its control over every item voted from A to Z"?

Right Hon. Mr. MEIGHEN: The control is there still; always was and always will be. The objects on which expenditures are to be made are set out in that legislation the same as in other statutes; there is no difference

whatever. While I am on my feet, may I ask my honourable friend to read to the House the statute under which the recent Reciprocity Treaty was authorized to be signed? It is signed, although, I believe, the Government had no statutory authority.

Hon. Mr. DANDURAND: It was done in virtue of the general policy expressed in the House of Commons.

Right Hon. Mr. MEIGHEN: Ah! but there was no statute.

Hon. Mr. DANDURAND: There was no statute.

Right Hon. Mr. MEIGHEN: Is that not defying Parliament?

Hon. Mr. DANDURAND: But next week, or the week after, a resolution will be submitted to both branches of Parliament for approval of the convention. So it will be followed by enabling legislation.

Right Hon. Mr. MEIGHEN: Very good; but you did not have that enabling legislation when you signed the convention. You deprived Parliament of its power in a sense far more direct than it could possibly be in the case to which my honourable friend is referring, because there the authority preceded the exercise of the power, whereas in this case it is subsequent.

Hon. Mr. DANDURAND: My right honourable friend knows very well that when we negotiate a treaty it is signed, but it must be ratified by Parliament.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: Now we are coming to that ratification.

Right Hon. Mr. MEIGHEN: This ratification was before.

Hon. Mr. DANDURAND: No; I think my right honourable friend is wrong. The ratification can take place only after Parliament has voted for it. The Senate of the United States cannot ratify, because they have deprived themselves of the power of ratification by giving full authority to the President.

Right Hon. Mr. MEIGHEN: To the Executive.

Hon. Mr. DANDURAND: My right honourable friend has alluded to the amendments which in the Speech from the Throne are announced to be made to the existing legislation respecting the Canadian National Railways, and has asked in what form those amendments will be. Well, I confess I cannot satisfy his curiosity to any extent before the legislation is brought down. I would draw my right honourable friend's attention to the statute which we passed, Chapter 33, 23-24 George V, assented to on the 23rd of May, 1933, an Act respecting the Canadian National Railways and to provide for co-operation with the Canadian Pacific Railway system, and for other purposes. My right honourable friend will remember how much interest was shown by everybody at that time, not only within the precincts of this Chamber, but throughout the country, in the effort to reduce our expenditure on the Canadian National Railways, which amounted to virtually $1,000,000 a week, or more than $50,000,000 a year. We had great hopes that the arrangement provided for in this statute, by which the Canadian Pacific Railway and the Canadian National Railways were to be brought together in order to co-operate and to abolish competition in many directions, would bring about a better financial situation. I desire to draw my right honourable friend's attention to the fact that our legislation of 1933 has been a profound disappointment, not only to myself, but, I am sure, to him and all the members of this Chamber who are within hearing. The organization which was set up under this Act hardly worked at all, and was not even completed by its creator, the late Government. So the measure foreshadowed in the Speech from the Throne will be an attempt to bring about an improvement in conditions, something which apparently could not be accomplished under that Act. That is all I can say for the moment.

I should have liked to speak to-day of international conditions, to which allusion is made in the Speech from the Throne, but shall not do so, as I am sure my right honourable friend will find occasion to lay before us the views recently expressed by him, on this side of the line as well as in the United States, in regard to the very serious situation that we are facing. When that occasion arises I may be able to give my own views on the subject.

We are undoubtedly moving towards better times, but apparently the burden of maintaining the existing situation has been so heavy upon our public finances that we are not yet out of the danger zone. The condition of the people throughout the land may be improving, but there remain many serious problems to be solved by the Dominion, and by the provinces and municipalities. I hope that we shall find a way to maintain our whole financial fabric unimpaired, so that we may show the world that Canada, a young nation, has been able to weather the tempest and keep its flag flying.

Hon. J. J. HUGHES: Honourable senators, the few observations that I should like to make have hardly any reference to the Speech from the Throne.

Right Hon. Mr. GRAHAM: There is precedent for that.

Hon. Mr. HUGHES: As I understand it, according to our Constitution, and by parliamentary practice as well, we are permitted, and perhaps it is part of our duty, when considering the Address in reply to the Speech from the Throne, to bring up anything that we think would affect our country or its people for weal or for woe. During the Great War, Parliament in its wisdom imposed very high customs and excise duties, particularly on spirituous liquors; and in consequence of that legislation, which remained after the War was ended, there has grown up in Canada, I think I am justified in saying, a system of smuggling spirituous liquors which has very baneful effects. First of all, the country is deprived of revenue that it should receive; and, worse than that, I think, the people who engage in the traffic and those who sympathize with it have been practically demoralized.

This traffic is carried on in the Maritime Provinces and the lower part of Quebec—and perhaps in British Columbia; I am not familiar with conditions there—to a greater extent, I believe, than in other parts of the country. What is actually taking place in the province from which I come is this. During the season of navigation many vessels with costly equipment and crews are engaged in carrying liquors from St. Pierre-Miquelon, those islands which lie off the coast of Newfoundland, not far from the Maritime Provinces, and on which liquors can be purchased in bond, or without the payment of duty, and from the West Indies Islands, where, I am informed, they can be purchased for about fifty, sixty or seventy cents a gallon. The duty on those liquors coming into Canada is some $10 per proof gallon. If they can be smuggled in, the profit is enormous. A rather large number of high-powered motor-boats carry the smuggled liquors from the ship to the shore, and an equally large number of high-powered automobiles carry them from the landing place on shore, where they are concealed, to the retail trade. Naturally there are no figures as to consumption, but the consumption must be very great, and many people must participate in the traffic when the profits permit of such an enormous expenditure. However, as I have already said, probably the worst feature of the situation is the fact that the character of the people, particularly the younger people, both men and women, is demoralized by this illegal and improper business.

The magistrates, whose duty it is to enforce the law in this respect, tell me that the cost of enforcement is enormously increased by wholesale perjury and by the fact that the traffic has the sympathy of a large number of people.

There is a small army of men, the Preventive Service, engaged in trying to stop this traffic. They are equipped with motor-boats and fast automobiles; they even have aeroplanes; but they cannot cope with it, because the facilities afforded to it by the geographical nature of our country enable the offenders to evade the officers of the law.

I have a suggestion to make to the leaders of the House—I offer it with great diffidence—namely, that a committee of this House be appointed to obtain as soon as possible all the information on this question that can be secured in a reasonable way. I bring up the matter now because we are going to adjourn to-morrow for probably ten or twelve days. If it is deemed advisable to appoint a committee, members from the Maritime Provinces, and perhaps some from the West, who have to remain here, might begin to organize, at least. I think every province should be represented on the committee. It is not my intention that much expense should be incurred. The idea in my mind is that the officers of the Preventive Service who are in or near Ottawa should be summoned to give what evidence they can, to report upon the difficulties they are encountering, to state the cost of this Preventive Service, and probably if they can do so, to give us some idea of the quantity of liquor smuggled and the effect of the smuggling on the revenue. If we were to begin now to get that information, it would be available to the Government, which, if it so chose, could take action upon it during the present session.

At one time, when prohibition prevailed in the United States, smuggling into that country from Canada was rampant, but it is my opinion that the smuggled liquor is now moving in the opposite direction. I think our duties are much higher than those of our neighbour. If a reasonable amount of information could be obtained with small expenditure, the members of this House could not be better employed than in securing it, for in so doing they would be rendering a considerable service to the Government and to the country.

I do not intend to make any motion; I desire only to make a respectful request that the leaders of the Senate will consider this

matter and see whether we can act upon it before adjournment.

Perhaps, as there is plenty of time, I may say a few words more closely related to the subject-matter before the House. I was going to make some remarks with respect to the statement of the right honourable leader on the other side of the House (Right Hon. Mr. Meighen), but, to my mind, the leader on this side (Hon. Mr. Dandurand) cleaned that matter up pretty well. I read nearly all the speeches made in Parliament by the right honourable gentleman who leads the other side of the House. I think they are worth reading. He made one statement yesterday which I think contains a great deal of matter. In speaking of some man who made an admirable free trade speech, he said:

> His whole fine structure of political economy rested upon one premise, namely, a free market for labour. There can be a free market for labour's products if we are prepared to admit a free market for labour itself.

I thought that statement went to the bottom of the matter. I thought so much of it that I crossed the floor of the House and asked the leader what result would follow if we had a free market for labour, a free market for labour's products, and reasonable freedom for everything the world over. He told me he was not prepared just at the moment to give a definite answer to that question, but he gave me the impression that he thought it was not foolish. That is the kind of free trade I should like. I have no hesitation in saying that I do not suppose it is possible, but in my opinion it would be ideal.

I am going to say only a few words, because I do not want to be considered an orator. I should not mind being called a preacher; I should be flattered by it. I think I am a little different from other people, but I should not like to be considered entirely different from my fellow countrymen. The idea that I have in my mind is this. When this world was made, and the human race was created and given the power to manage things in this world as it wished, that power was abused, and all our troubles since have arisen from that abuse of power.

Sir Edward Beatty addressed the students of the University of Western Ontario, I think it was, on university work and general education.

Right Hon. Mr. MEIGHEN: In London.

Hon. Mr. HUGHES: As I saw it, an address on that subject given by a man who occupies the position of president of the largest and perhaps the best managed transportation system in the world, a man who at the same time is chancellor of the largest university in Canada, is deserving of the greatest consideration. I read it several times. He made this remark in opening—I think I remember it:

> Conditions have arisen in this world during the last fifty years that have made it a puzzle to all who dwell in it.

Now I want to comment on that. I do not think Sir Edward did himself justice in making that statement. The actual fact, as I see it, is that the world at the present time is in a terrible state of turmoil, strife and contention. Practically none of the nations of the world have any confidence in other nations, and individuals have little confidence in one another.

I am going to preach again for a few minutes, if you will not laugh at me. Almost everybody is trying to get ahead of the other fellow. But that should not puzzle anyone. Conditions similar to those of to-day have existed for more than two thousand years, and they have never been a puzzle to those who realized that a very large part of the human race has always gone directly contrary to the will of God. The reason for the deluge that destroyed the world over two thousand years ago—the wickedness of mankind in those days—was no puzzle to Noah. He knew why it was sent. Likewise, Moses knew the causes of the plagues of Egypt and of the destruction of Pharoah. And Lot understood why the cities of the plain were destroyed.

The misfortunes that have beset the human race ever since those days have been caused by the folly and the evil of men themselves. We go against the divine law. That explains the situation to-day. What do we find in nations all over the world at the present time? In Russia the divine content has been taken out of all law. Everything is judged from a material standpoint. The absolute or totalitarian state is set up in place of God. In Mexico there is the same thing, or perhaps something worse, and only God knows what is in store for that country and Germany.

There is no way of avoiding such conditions except by getting back to first principles. We in Canada are blessed. We live in a country where the laws are pretty well observed; a Christian country. And this is a Christian assembly. Yet, are we doing our duty? And are the people of the country to the south of us doing their duty?

Recently I read another notable speech, that of an eminent man in the United States, President Nicholas Murray Butler, of Columbia University. I am emboldened to follow this line of thought because of what he said

in his annual report to the trustees of that great institution. I suppose he is one of the sanest and most outstanding of modern Americans. His speech appeared in a magazine called "The Commonweal," which I think is published in New York, and I have an extract that I think is worth reading. Dr. Butler says:

> From the viewpoint of sound educational principles this (the neglect of religion) is a serious state of affairs, since the religious inheritance of the race is an essential part of the history of that civilization toward a knowledge of which it is the chief business of education to lead youth from generation to generation. One need not himself be religious, or indeed have any great concern for religion, to grasp the fact that religion has had a very large, in fact a preponderant, influence in shaping our contemporary civilization and in laying the foundations of our present-day social, economic and political institutions. During the half century just past this condition has changed entirely, and religious knowledge, together with religious interest, is passing all too rapidly out of the educational process.

I thought an implication of Sir Edward Beatty's address to the students of the University of Western Ontario was that religion and education could be divorced. If my inference is correct, he made a grave error. Wherever such a separation has been attempted it has entailed serious consequences. It is one of the causes of prevailing conditions in the great country to the south and all over the world. The omission of religion and spiritual ideas from business, from education, from politics and from nearly all the activities of men and women is one aspect of Communism.

Because Dr. Nicholas Murray Butler considered it advisable to make the serious comment that I read a few moments ago I thought it would not be altogether out of place for me to make a similar statement, in my own imperfect way. And, the opportunity having offered, I thought I ought to refer to what I believe was the weakness, as well as to what I believe to be the strength, of Sir Edward Beatty's remarks on the very important occasion to which I have referred. I am unable to speak as I should like, for any length of time, unless I read from notes, and this I have not done to-day.

The Address was adopted.

THE LATE HON. SENATOR MURPHY

TRIBUTES TO HIS MEMORY

Hon. RAOUL DANDURAND: Honourable members of the Senate, it is my painful duty to have to record the recent death of one of our most seasoned colleagues, Hon. Charles Murphy. Senator Murphy was born and brought up in Ottawa, and his whole life was given to law and politics. He thoroughly imbibed the atmosphere of the Capital. He was familiar with the machinery of government in all its details. His knowledge covered every department, so that colleagues among whom he worked for a number of years used to say he seemed to know more than they themselves about the officers and affairs of their respective departments.

He had a very brilliant mind, with many facets. His interests went far beyond the affairs of Canada. To mention but one of his activities, he was an ardent Home Ruler. His correspondence with men of note throughout Ireland, Great Britain, the European continent and the United States was remarkable. He attended most of the important functions in the United States at which men of the Irish race had anything to say, and I recall that many a time he expressed to me his delight at having been present at conventions of the Republican and Democratic parties and having occasionally helped his friends to build some planks into the platforms of those great organizations.

As I have said, he was a prolific correspondent. His letters, which were sometimes circularized, dealt with a wide range of human activities. On a number of occasions I received from him copies of letters having to do with various international activities of Canada.

He had strong likes and dislikes. Though he had a kind disposition and a very charitable heart, he could carry on a relentless vendetta.

No question came up in the Senate in which Senator Murphy was not interested. He followed the discussions here and in our committees, and always had his own opinion, which he would express by correspondence to the leader of his party in this Chamber. He will be greatly missed by his colleagues, who knew him and appreciated his talents.

Right Hon. ARTHUR MEIGHEN: Honourable members, none who has been so long in either House of Parliament as I have, and therefore so long associated with that very distinguished man, the late Senator Charles Murphy, can ever forget the sense of shock and loss and loneliness with which we heard of his death. How often since then has the picture of him returned to our minds, with all that his character meant to us throughout the years of our political association! When one thinks of Senator Murphy one thinks of him first as a typical Irish intellectual gladiator, as a man who embodied all that has made the Irish nation great, who loved

everything associated with that race, and was perhaps its greatest pride on this continent.

I have often wondered what would have been the destiny of Charles Murphy had his parents not emigrated to this hemisphere. Had they remained on the Emerald Isle and had he been raised there, there is no question that he would have taken his place in the front ranks of the great Nationalist Party of that country, that he would have ornamented the halls of Westminster, and might have gone down to posterity as hero of the achievement of Home Rule for his country. Many of those who took an eminent place in that battle I have had the privilege of knowing from afar; all their orations I have read. But I know of none who was capable of such passionate and eloquent advocacy of the cause of Ireland as was Charles Murphy himself.

We think of him, however, not only in that relationship, but also as an eminent Canadian public man, a party man of the Canadian type, a strong fighter in the ranks, a favourite of his chief, a lover of his leader, a man who could perhaps deliver the most telling blows of any who sat opposite to us in the House of Commons in the old days. He "drank delight of battle with his peers," and well was he equipped both to battle and to conquer. But I have to add to that reflection this: however severe were the assaults he directed, however relentless was the battle he conducted, I never in the whole course of my public life heard on the part of any member of the party to which I belonged, and which was opposed to his, one word in the way of resentment or personal bitterness against Charles Murphy.

The reason for that was that he demeaned himself as a man at all times. He never behaved as a ruffian; much less did he ever behave as a bandit. He struck above the belt, and all knew that behind the masculine and virile brain and person of Charles Murphy was a kindly and generous heart. His friends he knew and their adoption tried, and he grappled them to his soul with hooks of steel. Those who were not his friends in the warfare of politics he possibly knew how to crush, but he did not know how to hate.

We think of him, though, not only as a public man, but as a lover of literature and especially as a student of history. The honourable leader on the other side (Hon. Mr. Dandurand) has told us how he associated with men of his own race and cause in the United States, in England, in Ireland and on the continent, and how he conducted a voluminous correspondence with these men to the end of his days. He liked them because they were giants of achievement. In whatever sphere they might have achieved he was interested. But he was interested most if they had at heart the common cause so dear to him, the cause of Ireland. He wanted to experience in his own life all the highest and best thrills of living, and he got this experience from these personal associations.

How he loved to tell about incidents and conversations with men of note, especially those of the land to the south and those of the last generation across the Atlantic! No man ever excelled him as a raconteur. No man ever excelled him in presenting the interesting and the gripping side of a conversation in which he had taken part or of an incident through which he had passed.

Naturally he had his heroes in our own land. I do not know that anyone in this Dominion quite filled his ideal of political perfection and personal charm, except one, Sir Wilfrid Laurier. How he loved Sir Wilfrid! But he whom he most revered in the past records of our country was D'Arcy McGee. No one has contributed so much to the immortality of that great figure in Canadian history as has Charles Murphy. He was a student of McGee for the same reason that he was a student of many other noted figures. He himself shared the same love of learning, the same poetic temperament, the same ardent patriotism. In the story of this Dominion there will perhaps be none who will be found to have possessed in more bountiful degree than Charles Murphy that statesmen's legacy of literary fire, of practical political wisdom and of ardent love of country.

Not only was he possessed of peculiarly Irish traits, but he was also a man of real business capacity. When an administrative task was given to him he discharged it with consummate ability. His organizing power became a legend. There was nothing he undertook to organize of which he did not make a real and striking success.

Naturally we lament the death of our colleague. It will be a long while, I think, before one passes from our midst whom we shall miss as we miss him. And because we can realize how they feel, we all join in sympathy with his brothers who remain and with the members of his family of the next generation. We sorrow with those who survive in the home where he lived, that home in which he was endeared and which he had so long enlivened and adorned.

Hon. J. P. MOLLOY: Honourable senators, the words that you are about to hear are not mine; they are the words of the honourable senator from Rougemont (Hon. Mr. Lemieux), who, I regret to say, is unavoidably absent

through illness. May he soon recover! I wish he were here to play his part as he alone could play it. It is only at his request that I have consented to read this appreciation and tribute to his friend.

"I may be pardoned if I rise on this occasion to pay a tribute to the memory of the late Charles Murphy, our departed colleague. I was, fifty years ago and more, his classmate at the University of Ottawa, and during all those years we found ourselves together in the same sphere—if not always in complete unity of thought.

"Charles Murphy was remarkably endowed. He was highly intellectual and absolutely thorough in his research work. After brilliant studies—where he easily carried honours, vying with his cousin Chief Justice Latchford and His Grace Bishop Ryan, of Pembroke—he studied law at Osgoode Hall, and finally became a leading barrister and counsel in this capital city. He fully enjoyed the confidence of his many clients and was beloved by his partners, one of whom was the late Harold Fisher, whose monument stands in a charming setting near the Civic Hospital.

"Being a talented Irishman, Charles Murphy soon became the leader of his fellow countrymen in Canada, and Sir Wilfrid Laurier selected him to serve as Secretary of State in his Cabinet. He soon became a debater of note. His voice was eloquent and his subject-matter always couched in perfect English. In fact, old parliamentarians who have listened to him here and in the other House will bear me out when I say that few men could speak a purer and nobler language. He read Shakespeare, Byron and Thomas Moore and would often quote them at length. To him, as to many others, can be applied the old saying, that the best English orators are Irishmen. When I was at the University with him we would, during the holidays, wend our way to Parliament, where we had the privilege of hearing the mighty giants of those days—Macdonald, Blake, Cartwright, Laurier, Tupper, G. W. Ross, McCarthy and others.

"Charles Murphy had a wonderful memory, and years afterwards he could repeat word for word the most pungent arguments he had kept in store. Then, he was a bookworm and on his desk could be seen the latest book published in London or in New York. So he became admirably equipped for any debate that might arise, and his style showed, for instance, on constitutional questions, his historical and literary background.

"On the question of Home Rule he possessed a wealth of information second to none. He had followed closely the various phases of that movement which in time brought to Canada Parnell, Wm. O'Brien, Justin McCarthy, Michael Davitt, the two Redmonds, T. P. O'Connor—all belonging to that brilliant phalanx of the Irish Parliamentary Party. He lived long enough to witness the triumph of self-government, which has now become the cornerstone of the British Commonwealth of Nations throughout the world. Until the very last, he expressed to his friends his unbounded admiration for Gladstone.

"We all remember that at the end of the Great War he presided at a large meeting here at the Russell, in favour of Ireland. On that occasion Sir Wilfrid Laurier delivered a most forcible plea on behalf of Ireland. It was the swan song of our silver-tongued orator before a popular audience. To Charles Murphy belongs the credit for launching the movement that culminated in the erection of a national monument to the memory of D'Arcy McGee on Parliament Hill. Thus was exemplified the gratitude of the Dominion towards a man who had been a consummate orator, a poet, an historian, a statesman, a patriot.

"Charles Murphy had a host of friends all over Canada and the United States and in Ireland. He had the reputation of being a born orator. As a parliamentarian, he possessed a happy and lively turn of imagination, a memory capacious, simple and fresh, a keen perception of the difficulties of each subject, a richness of colouring, an improvisation free and well sustained, a power of pointed reply, which we in this Chamber were privileged to appreciate not so very long ago when a motion made by him rallied the support of us all.

"Alas, our poor colleague could not survive the great illness that gripped him some weeks ago, and it was with a broad smile on his lips that he breathed his last. As we all know, he was a valiant heart and a firm believer in a future life. He had been brought up by worthy forbears and he was surrounded all through life by brothers who looked up with deep faith to the Light that never fails.

"As the service, largely attended, in the beautiful St. Theresa's Church was about to be concluded, on the 25th of November last, a voice was heard, in modulated tones, singing that beautiful hymn, Not Lost But Gone Before. True, Charles Murphy was no more, but his spirit kept hovering around the places where he had played such a distinguished part—his home, his university, the courts of law, and Parliament. He was gone, passing, as the Book of Books says, from the corruptible to the incorruptible. His memory will not fade."

Allow me, honourable senators, to add a word to what has been so eloquently expressed by my colleague from Rougemont. Charles Murphy's memory will not fade. There are throughout the length and breadth of this land thousands upon thousands who will cherish his memory and keep it green.

Senator Murphy was a fighter—allow me to say, a bare-fisted fighter; and the world loves a fighter. I will not say that he was always right in his views, but he thought he was right. What else mattered?

In his passing his family has lost a devoted brother, this House a useful and brilliant member, and we of Irish descent a fearless champion. I have lost a friend. But whether my days be long or short I shall often think of him, and always with respect.

Right Hon. GEORGE P. GRAHAM: Honourable senators, I was very intimately associated with Charles Murphy in our younger days, though I was some years older than the senator; not so many, however, as to prevent our being together in our youth.

He was early selected by the young Liberals of the province as their president, and from that office he was called to the presidency of the Liberal Club of the Dominion of Canada. So he was well known all over this country. I met him in those days and was associated with him very closely.

When the time came that, for good or for evil, I was asked to join the Laurier Administration, the man to meet me at the station —though I had no idea that he had any knowledge of my selection—was Charles Murphy. Throughout those days, in evil as well as in good report, we were very intimate friends and discussed many questions; not always agreeing, I will admit, both being Irish, but we discussed everything to our heart's content. And that is really what an Irishman loves.

When the time was a little more advanced, and I had been a member of the Government a few years, it became necessary to find a successor to the Hon. Mr. Scott, a veteran statesman of the city of Ottawa, and I was called into consultation. I told Sir Wilfrid that I knew of no better successor, nor any one more able to take his place as the representative of his race, than Charlie Murphy. Charles Murphy was selected—I do not say on my recommendation, but he was selected.

He laboured under great physical difficulties ever since his boyhood, and the pain he suffered was hardly known to any but his most intimate friends. Down almost to the day of his death he was the victim of one accident after another, which added greatly to his suffering, but never dimmed his mentality.

He was a rugged character; I might say a rugged debater, a rugged friend and a rugged opponent. A man of a peculiar disposition, he never lagged in endeavouring to fill his mind with the most complete information on every subject. He was a great lover of art, and you will find many examples of it in his home. When he came into his room in the Senate it was transformed almost into an art gallery, as you all know. He was able in debate, but to my mind Charlie Murphy was more entertaining in private conversation. In debate a man is sometimes restricted, as some of you honourable gentlemen know, from expressing his views in the language in which they can be expressed most forcibly; but in private conversation Senator Murphy during the many years that I knew him was one of the most wonderful entertainers, and he diffused information in almost every sentence.

I saw a good deal of Senator Murphy from his boyhood up, for there were not many days at a time when I did not have either a telephone conversation with him or a personal talk. I shall miss Charlie Murphy as a friend as well as a colleague. I was a colleague of his for years in the Government as well as in the Senate. Our private and public life has lost a forceful character that lent individuality and robustness to it at every stage.

To his brothers I extend sincere sympathy.

PRESS REPORTERS OF THE SENATE

REPORT OF COMMITTEE

Hon. Sir THOMAS CHAPAIS moved concurrence in the first report of the Standing Committee on Debates and Reporting.

Hon. Mr. DANDURAND: Is the salary the same as for last session?

Hon. Sir THOMAS CHAPAIS: Yes; there is no change.

The motion was agreed to.

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

THE SENATE

Thursday, February 13, 1936.

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

Prayers and routine proceedings.

ADJOURNMENT

Hon. RAOUL DANDURAND: Honourable senators, it will be noticed that there is nothing on our Order Paper for discussion. I made diligent inquiry, but found there was no business available for initiation in this House. There may be later on. This being the case, it was then my duty to ascertain what legislation might reach us from the Commons, and I have come to the conclusion that there will be none within the next two weeks at least.

Therefore I beg leave to alter my notice of motion to read March 3. This will give the Commons two full weeks within which to discuss and pass Bills to be transmitted to this Chamber for our consideration.

I now beg leave to move, seconded by Right Hon. Mr. Graham:

That when the Senate adjourns to-day it do stand adjourned until Tuesday, March 3, at 8 o'clock in the evening.

The motion was agreed to.

ALLEGED LIQUOR SMUGGLING

INQUIRY

On the motion to adjourn:

Hon. J. J. HUGHES: Before the House adjourns I wish to ask the honourable leader (Hon. Mr. Dandurand) whether he has had sufficient time to consider the suggestion I made yesterday in regard to the advisability of appointing a committee of the Senate to take up the question of illegal importation of liquors and other commodities into the Maritime Provinces.

Hon. Mr. DANDURAND: I have gone into the matter which my honourable friend laid before the House yesterday and have carefully read his speech. I may say that his suggestion is under advisement.

The Senate adjourned until Tuesday, March 3, at 8 p.m.

THE SENATE

Tuesday, March 3, 1936.

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

Prayers and routine proceedings.

THE LATE HON. SENATOR McCORMICK

TRIBUTES TO HIS MEMORY

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable members of the Senate, it is my painful duty to record the demise of one of our colleagues, who has left us during the recess, the Honourable John McCormick. He had been ailing for some months and was not able to be with us at the opening of this session. Senator McCormick was a pure Highland Scotchman. Born in 1858 at Sydney Mines, Nova Scotia, he had lived there all his lifetime, and for a number of years was the leading citizen of that place. Being public spirited, he interested himself in all the activities, municipal and provincial, of his community. He was municipal councillor, mayor and member of the Legislature. But his vista extended beyond the borders of his province. He started on his way towards the Dominion capital in 1904, and he plodded a heavy road, for he met with defeat in that year and in 1908, 1911 and 1917. But, though defeated, he was never downhearted, and he reached his goal as a member of the Dominion Parliament when he entered this House in 1921.

Senator McCormick often participated in debate, expressing his views with deliberation and without bias. He was always informative and interesting, and he held the esteem and friendship of his colleagues.

To his family our wholehearted sympathy is extended.

Hon. C. C. BALLANTYNE: Honourable members, I have had the honour of being a member of this Chamber during only the past five sessions, but in that time it was my happy privilege on more than one occasion to meet the late Senator McCormick. We all know that he was a man of a very kindly and reticent disposition. During my time here he did not speak often, but when he did express himself upon any subject he kept very close to the point and left upon the House a strong impression of his sincerity. The honourable leader of the Senate has referred to the fact that Senator McCormick was of Scotch parentage, which of course was an advantage. Not only was he a successful merchant, but he gave unstintingly of his time to civic affairs, and before his appointment to the Senate he was a member of the Nova Scotia Legislature. He belonged to that old, historic Church, and I am credibly informed that he was a

very staunch member, giving of his time and money in a most generous manner.

On behalf of honourable senators on this side I desire to associate ourselves with the expression of sympathy that has been so fittingly voiced by the honourable leader of the Government in this House. That sympathy will no doubt be conveyed in the usual way to the members of his family.

DOMINION FRANCHISE BILL

FIRST READING

A message was received from the House of Commons with Bill 3, an Act to amend the Dominion Franchise Act.

The Bill was read the first time.

Hon. RAOUL DANDURAND: This is a short Bill to amend the Dominion Franchise Act with respect to annual revision of lists. As there is nothing on the Order Paper for to-morrow, I move, with the leave of the House, that this Bill be placed on the Orders of the Day for second reading at the next sitting.

The motion was agreed to.

NEW SENATOR INTRODUCED

Hon. William Duff, of Lunenburg, Nova Scotia, introduced by Hon. Raoul Dandurand and Hon. H. J. Logan.

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

THE SENATE

Wednesday, March 4, 1936.

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

Prayers and routine proceedings.

DOMINION FRANCHISE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 3, an Act to amend the Dominion Franchise Act.

He said: Honourable members of the Senate, the sole purpose of the Bill which is before us is to dispense with the preparation of the electoral lists for the year 1936. If this were not done, the Government would be under the necessity of setting up machinery for the preparation of the lists this year. A committee of the House of Commons is to be appointed this session—it may already have been appointed—to study the whole question of the Dominion Franchise Act. It is the consensus of opinion in the other House that some $300,000 or $400,000, if not more, will be saved by not having the lists revised until 1937.

Question has arisen as to what would happen if by-elections were to be held meantime. I think it has been agreed in the House of Commons that if nothing in the form of changes in the Franchise Act comes out of the committee, legislation will be brought in before the end of the session to cover by-elections.

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

Hon. C. C. BALLANTYNE: Unless some other honourable senator on this side of the House wishes to speak, I may say that I can see no objection to this amendment. What is proposed will cost, I think, $16,000, whereas a general revision would cost $350,000.

Hon. A. D. McRAE: I think we might commend the Government on this Bill. This is the first evidence of governmental economy that to my knowledge has come before the House in some time. I think we ought to speed the measure on its way.

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

Hon. Mr. DANDURAND: I understand there are some amendments to be made to this Bill. Later I shall move that it be referred to Committee of the Whole.

ECONOMIC COUNCIL OF CANADA ACT REPEAL BILL

FIRST READING

Bill 6, an Act to repeal The Economic Council of Canada Act, 1935.—Hon. Sir Allen Aylesworth.

ALLEGED LIQUOR SMUGGLING

DISCUSSION

Hon. RAOUL DANDURAND: Honourable members of the Senate, it will be recalled that before we adjourned, some two weeks ago, the honourable senator from King's (Hon. Mr. Hughes) asked me if a committee of the Senate could not be appointed to examine into the question of the smuggling of spirituous liquors into Canada. I intimated to him that I would reply to his suggestion as soon as possible.

On listening to his statement, and on reading it carefully afterwards, I was unable to discover any complaint as to the procedure

followed in trying to stem the evil to which he referred. Perhaps the inference to be drawn from the remarks of the honourable gentleman is that if the duty on spirituous liquors were reduced the temptation to smuggle would be less. He stated the duty was some $10 per proof gallon, and indicated that as a result there was such a large spread between the purchase price of liquor and the retail selling price, after duty was paid, that the temptation to smuggle was very great. Then he spoke of the Preventive Service and rather suggested the question whether it could not be strengthened, though he implied that this could be done only at a very high cost to the country.

I asked for and have here a statement of the customs duty and excise taxes at present applicable to spirituous liquors from Great Britain, Australia, South Africa and France, showing the dates on which these rates became effective. The figure of $10, as quoted by the honourable gentleman, was in force at one time, perhaps up to a year ago, though I am not sure; but it is no longer in force, except with regard to some imports from France. Effective March 23, 1935, the customs duties on spirituous liquors were reduced as follows:

From Great Britain—Item 156, $5 per proof gallon. Item 156a, $5 per proof gallon.

From Australia—Item 156, brandy, $3 per proof gallon; rest of item, $5 per proof gallon. Item 156a, $5 per proof gallon.

From South Africa—Item 156, brandy, $3 per proof gallon; Van der Hum, $4 per proof gallon; rest of item, $5 per proof gallon. Item 156a, $5 per proof gallon.

From France—Item 156, Cognac brandy and Armagnac brandy, $5 per proof gallon; liqueurs, $6 per proof gallon. Since May 10, 1921, the duty for the rest of this item has been $10 per proof gallon, and for item 156a, $10 per proof gallon.

As to excise taxes, there is payable at the time of importation, unless the goods are imported under sales tax licence number and certificate, a consumption or sales tax of six per cent levied on the customs duty paid value.

There is also payable on importations from France a special excise tax of three per cent levied on the customs duty paid value. Goods imported under the British Preferential Tariff or under trade agreements between Canada and other British countries are exempt from this tax.

Included in this statement, in small print, are the complete tariff items 156 and 156a as amended in 1935 and in effect since March 23. I will place this upon Hansard.

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
156	Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine, n.o.p.; gin of all kinds, n.o.p.; whisky and all spirituous or alcoholic liquors, n.o.p.; amyl alcohol or fusel oil, or any substance known as potato spirits or potato oil; methyl alcohol, wood alcohol, wood naphtha, pyroxylic spirit or any substance known as wood spirit or methylated spirits, absinthe, arrack or palm spirit, brandy, including artificial brandy and imitations of brandy, n.o.p.; cordials and liqueurs of all kinds, n.o.p.; mescal pulque, rum shrub, schiedam and other schnapps; tafia, angostura and similar alcoholic bitters or beverages; and wines, n.o.p, containing more than forty per cent of proof spirit, per gallon of the strength of proof.. .. .. .

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
	Provided (3) that bottles and flasks and packages of gin, rum, whisky and brandy of all kinds, and imitations thereof, shall be held to contain the following quantities (subject to the provisions for addition or deduction in respect of the degree of strength) viz:—			
	Bottles, flasks and packages, containing not more than three-fourths of a gallon per dozen, as three-fourths of a gallon per dozen;			
	Bottles, flasks and packages, containing more than three-fourths of a gallon but not more than one gallon per dozen, as one gallon per dozen;			
	Bottles, flasks and packages, containing more than one gallon but not more than one and one-half gallon per dozen, as one and one-half gallon per dozen;			
	Bottles, flasks and packages, containing more than one and one-half gallon but not more than two gallons per dozen, as two gallons per dozen;			
	Bottles, flasks and packages, containing more than two gallons but not more than two and four-fifths gallons per dozen, as two and four-fifths gallons per dozen;			
	Bottles, flasks and packages, containing more than two and four-fifths gallons but not more than three gallons per dozen, as three gallons per dozen;			
	Bottles, flasks and packages, containing more than three gallons but not more than three and one-fifth gallons per dozen, as three and one-fifth gallons per dozen.			
	Provided (4) that bottles or phials of liquors for special purposes, such as samples not for sale to the trade, may be entered for duty according to actual measurement, under regulations prescribed by the Minister.			

This indicates that the cost of importation of spirituous liquors has been reduced considerably. Yet there still is, I suppose, a large margin of profit available to persons who evade the payment of duties by smuggling.

I wrote to the Commissioner of the Royal Canadian Mounted Police, asking for a statement as to the activities of the Preventive Service. His reply is somewhat lengthy, but quite informative, and as there is very little more on the Order Paper, I ask leave to read the statement, so that it may appear in Hansard.

Ottawa, March 3, 1936.

Dear Senator Dandurand,

This will acknowledge receipt of your letter of the 26th ultimo enclosing a copy of The Debates of the Senate for Thursday, February 13, 1936, and referring to a proposal made by Senator Hughes that a special committee of the Senate take up for consideration the existing conditions with respect to the smuggling and illicit distillation of liquor.

2. In accordance with the request contained in your letter, the following information is submitted in an endeavour to outline briefly our experience during the past few years, and the present situation with respect to the traffic, and the methods employed to combat the tactics used by those engaged in the nefarious trade in illicit liquor.

Taking Over of Preventive Duties

3. On April 1, 1932, the duties of the Preventive Service were assumed by this Force, being taken over from the former Preventive Branch which operated directly under the Department of National Revenue. All the personnel of the former Service, including those who were employed on patrol vessels, who were up to the standard of the Royal Canadian Mounted Police were taken on the strength of the Force. All patrol vessels and patrol cars were, at the same time, taken over by the Police.

4. The change was made easily, facilitated to a great extent by the absorption of the majority of the personnel of the former Preventive Service, and due to the fact that a considerable number within the Force had enforced the Excise Act and, to a lesser extent, the Customs Act, for some years prior to 1932.

5. The effectiveness of the new Service was retarded for the first few months while definite instructions of a uniform character were prepared for the guidance of the Force as a whole, in enforcing the respective Acts.

Powers: The Royal Canadian Mounted Police Act was amended in 1932, conferring upon all members of the Force the powers of customs-excise officers. Instruction in Preventive Service work was, therefore, included in the schedule of training throughout the Force.

7. Writs of assistance were provided in order that at least one member of necessary detachments throughout the country might be so equipped.

Conditions existing in 1932

8. During the 1932 season the whole situation was sized up, and conditions existing generally were as follows:

British Columbia: On the Pacific coast, waters adjacent to Vancouver Island and the mainland were the scene of great activity by rum vessels engaged in smuggling liquor from Canada into the United States, and also in short-circuiting liquor released from bond in Canada for export, such shipments being relanded on islands off the northern mainland of British Columbia for removal to the larger centres as opportunities arose.

Prairie Provinces: The three Prairie Provinces produced a considerable number of infractions of the Excise Act, the majority of cases covering possession of small pot stills by farmers, or the possession of illicit alcohol manufactured by that means. There was very little smuggling of liquor over the boundary except for a few attempts, which were effectively stamped out. The city of Winnipeg, however, was the rendezvous of gangs operating large stills of commercial capacity.

Ontario: In Ontario a considerable amount of distillation of liquor on a small scale was carried out in the rural districts, and evidence existed of the smuggling of liquor from the United States over the bridges, and by motor-boat in the Niagara and Windsor districts. (At that time the Volstead Act was in force.)

Quebec: In the province of Quebec it was evident that a large and well organized gang was engaged in smuggling alcohol into Canada in the lower St. Lawrence area, and that it was well equipped with vessels and vehicles for transportation, and well protected by means of an espionage system which kept its members posted of the movements of our men in checking their activities.

13. Large illicit stills were in operation in and around the city of Montreal, and smaller stills in the smaller cities and towns and in the rural districts. At this time there was little evidence of smuggling of liquor from the United States.

Maritime Provinces: In the three Maritime Provinces there was great activity in waterborne contraband liquor originating in the West Indies and clearing from St. Pierre-Miquelon for the "high seas," for points off our shores. The vessels so engaged were for the most part of the auxiliary schooner type.

15. In 1928 the Customs Act had been amended to give the right of search and seizure of Canadian owned or registered vessels found hovering with contraband, up to twelve miles from our shores. Seizure of a liquor laden vessel of this type by the former Preventive Service shortly after the amendment became law resulted in appeal proceedings, as a result of which the Supreme Court of Canada ruled that the amendment was ultra vires the Dominion Parliament. In a further appeal by the Crown to the Privy Council the ruling was reversed, it being held that the Dominion Government had full power to legislate for protection of its revenue where its own nationals were involved. From the time we assumed preventive duties, in April, 1932, until the Privy Council judgment was handed down in July of the same year, all vessels were able to hover within three miles of our shores.

Hon. Mr. DANDURAND.

Action Taken by R.C.M.P. Preventive Service

British Columbia: Toward the end of 1932 and during 1933 special attention was given to the situation on the Pacific coast, where there was no vessel which could remain at sea in bad weather. A patrol vessel of the cruiser type was sent from the Atlantic seaboard via the Panama Canal, to replace the motor vessel which up to that time provided the only coastal protection.

17. Arrangements were made whereby a sea-plane, provided and operated by the Royal Canadian Air Force, carried members of the Force as observers, and by co-operation with the cruiser and land forces speedily curbed activities in that area. Our reports indicate that most of the vessels formerly engaged in rum-running off the British Columbia coast have been tied up or are following legitimate lines of trade. This situation exists at the present time.

18. During the same period efforts on the mainland in British Columbia were directed towards an organized gang engaged in illicit distillation of liquor. Several seizures were made and the ring-leaders were convicted under the Excise Act. Reports from our own men and from the provincial and civic authorities indicate that conditions are generally good in that province to-day.

Prairie Provinces: The preventive work carried out by the Force in the Prairie Provinces has been mainly concerning the suppression of small illicit stills and their product. As our detachments are located at all settled parts, a good check is kept on these operations.

20. In the city of Winnipeg several illicit stills of commercial capacity, ranging up to five hundred gallons daily output of alcohol, have been seized, and those connected with the possession or operation of them were prosecuted under the Excise Act. The difficulty in this situation has been the modus operandi of the principals, who pay underlings to house and operate the plants, remaining in the background themselves by arranging to pay fines for their employees if they are convicted, or compensating them for mandatory jail terms.

Quebec: In 1933 members of the Force in the province of Quebec concentrated on the gang referred to on page 4, who operated along the lower St. Lawrence. Raids were made simultaneously at the premises of known bootleggers and disclosed evidence of a conspiracy to defraud the revenue of an amount estimated at $1,500,000, through the smuggling of liquor.

22. Some sixty persons were indicted for "conspiracy to defraud," and upwards of forty persons were convicted, receiving terms ranging from four years' to three months' imprisonment. In addition, evidence was adduced which justified the seizure of some twelve vessels, which were subsequently forfeited for transporting contraband. The ring had an organization which in some respects was remarkable. The documents seized and evidence obtained revealed that provisions had been made for the support of the dependents of any of their employees who might fall foul of the law and consequently receive terms of imprisonment. A separate account was kept by the concern for such emergencies, and the records would indicate that the fund was used quite frequently.

Disposition of seized vessels: At this time recommendations were made to the Department of National Revenue by this Force, and

subsequently adopted, whereby the vessels in question and others seized for rum-running were destroyed rather than offered for sale by tender. The actions outlined above completely broke up a gang which had operated for several years in the district in question. It has been our experience that forfeited rum vessels offered for sale, invariably, were bought back by bootleggers through agents, at scrap prices, and soon were again following their nefarious trade.

Quebec, continued: Following the break-up of the gang previously referred to, who operated in the lower St. Lawrence and the province of Quebec, further intensive investigations were carried out, which disclosed that an even larger organization for trafficking in contraband liquor existed in the province of Quebec, with headquarters in Montreal. Some sixty persons were charged in the Montreal courts "for having conspired to defraud the revenues of a very large amount of money." The persons were residents of Quebec, Nova Scotia, New Brunswick and Prince Edward Island, but the Crown sought to prove that the actual conspiracy took place in Montreal. Subsequently all charges with the exception of eight were withdrawn in view of questionable jurisdiction of the courts in Montreal.

25. Our efforts were disappointing in the cases which were continued in Montreal, as, despite a mass of evidence and exhibits produced by the Crown, which indicated that those charged were handling large quantities of liquor upon which the duties or taxes had not been paid, throughout Eastern Canada, the cases were dismissed at the preliminary enquête.

26. Attempts to have Crown counsel "bound over" to prosecute before the competent court of jurisdiction were unsuccessful. Subsequent applications for preferred indictments were likewise unsuccessful.

27. In another case in Quebec large quantities of alcohol of American origin, entering Canada at Windsor, Ontario, were shipped by railway freight cars to Montreal, fictitiously billed to mythical drug firms in Montreal. The extent to which the revenues were defrauded in this case was estimated to be in excess of $20,000.

28. Conspiracy charges were also laid against three persons during 1934 with respect to shipments of alcohol smuggled into Canada in railway tank cars. The amount of which the Federal Government was defrauded in this instance was estimated at $1,500,000.

29. The modus operandi adopted was to have tank cars specially constructed with partitions forming three separate compartments. Shipments originated in the State of New Jersey and in each instance the end compartments were filled with a cheap grade of oil, the centre compartment containing alcohol.

30. The three persons involved, who were apprehended in Canada, were convicted and received terms ranging from four years to one year. Appeals are pending in each instance, before the Supreme Court of Canada, following unsuccessful appeal proceedings heard by the full bench of the Appeal Court of Quebec.

31. Still another case involving similar charges resulted in the conviction of three persons in the Montreal courts. Alcohol was smuggled by aeroplane into Canada from the State of Maine, and landed in out-of-the-way spots adjacent to the Quebec boundary. The principals would compensate local farmers for the privilege of landing on their property and for maintaining secrecy.

32. There are indications that aircraft may provide a common medium for the transportation of contraband and the condition is receiving consideration in order that situations may be dealt with as they arise.

33. Seven persons were also convicted during 1935 for conspiracy charges arising out of the smuggling of American alcohol in the vicinity of Pont Rouge, P.Q. In this case the liquor was imported in railway box cars, concealed in shipments of paper and billed accordingly. It was estimated that the revenues were defrauded of approximately $150,000 by this means.

Ramifications of liquor traffic: The foregoing and other cases involving charges of "conspiracy to defraud the revenue," initiated by this Force, disclosed the wide ramifications of the liquor interests. It was established that public utilities, including railways, telegraph, telephone and express services, were utilized, by those concerned, in the illicit traffic.

35. Within our experience officials of some companies and Government officials have been bribed to facilitate the movement of liquor shipments.

Ontario: In Ontario the liquor situation has been kept in check, generally, by means of prosecutions and seizures of stills. Recent investigations indicated that a gang operated in the Niagara-Hamilton-Guelph area, producing illicit alcohol for local trade and for export to the United States, dependent upon the price structure for their produce in the respective countries. During November, 1935, three large stills, each with a daily output of two hundred and fifty gallons, were seized in the area in question, and some ten persons were convicted and received sentences ranging from one year with hard labour plus a fine of $500, to the minimum penalty provided by section 164 of the Excise Act, namely, a fine of $100, or, in default of payment, three months' imprisonment.

Nova Scotia: A number of those persons against whom conspiracy charges were withdrawn in the Montreal courts were later similarly charged in Nova Scotia. Eleven were convicted and received substantial sentences involving fines up to $3,000, with alternative jail terms.

38. Eight other persons have been similarly charged in the Halifax courts, and within the past few days six of them pleaded guilty, and fines of from $1,500 to $600, totalling $8,100, were imposed, with alternative jail terms.

39. Since assuming preventive duties members of the Force have continuously obtained convictions under the Customs, Excise, and Nova Scotia Liquor Acts, for offences concerning the manufacture, importation, possession and transportation of liquor.

40. In that province a system has been devised whereby certain types of such offences are prosecuted under the provincial statutes, others under the federal acts; and in certain instances under both. This arrangement has worked out satisfactorily, judging by normal barometers such as improved sales by government liquor stores and the increased price of contrabrand liquor in the province. We feel that our activities have decidedly curbed the traffic, although we are aware that a large amount of contraband is still landed by vessels

who take advantage of the geographical outline, which makes the protection of the area very difficult.

New Brunswick: In this province both federal and provincial statutes are enforced and the method of dealing with liquor infractions is much the same as followed in Nova Scotia.

42. Illicit distillation of liquor is not carried on to any great extent, most offences dealing with possession, or smuggling of liquor along the coastline and, to a lesser extent, in the last two years, over the Maine border.

43. Our efforts in preventing landings in New Brunswick have been generally successful, and our reports indicate that the situation is well in hand at the present time.

Prince Edward Island: Prince Edward Island is the only province wherein the provincial statutes enforced by the Royal Canadian Mounted Police include prohibition. In that province all detachments are actively engaged in enforcing customs, excise and provincial statutes to combat the traffic. Seizures of liquor have been consistently effected and prosecutions entered wherever the evidence of ownership or possession justified. The co-ordination of patrol vessels, aircraft and land detachments, although not entirely preventing landings of contraband, has greatly hampered smuggling operations.

45. Comments from local bodies have been favourable; and while some complaints have been received regarding alleged conditions in certain districts, the persons making the complaints and claiming to have definite knowledge of the violators and violations have refused to divulge information which would assist members of this Force in dealing with the offenders.

Maritime Provinces generally: In the Maritimes members of our Force are kept fully occupied on preventive work. Convictions have been consistently recorded throughout the three provinces, and we are continually conscious of the necessity for constant pressure.

47. Indications have come to us verbally and in the form of letters that our work in those provinces is regarded as fruitful.

48. The rum-runners are being converted from the schooner type of vessel to large, fast motor-boats equipped with wireless, by means of which they maintain contact with agents on shore, arrange landings, and are kept advised of the movements of our patrol vessels—a situation which has necessitated change in our tactics and equipment accordingly.

49. The groundwork has already been laid for an intensive drive against the rum-runners during the coming season, particularly on the Nova Scotia mainland as well as the entire seaboard of all three provinces. It is considered that it would be unwise to make public the nature of the plans, for reasons which we feel sure will be understood.

Co-operation with U.S. services: Following a conference between officials of the United States Coast-Guard Service and members of this Force in 1934, an arrangement was made whereby very close co-operation is maintained between the preventive forces of the two countries. Information to the mutual advantage of the services is freely exchanged. This has produced tangible results in the form of seizures of contraband and of vessels conveying it.

51. Co-operation has been developed, and every opportunity is taken by each service to aid the other.

52. While in Washington recently I conferred with officials of the United States Coast-Guard Service, Treasury Department, regarding plans for combating the liquor traffic on the Atlantic coast.

53. Co-operation is maintained by marine and land officers all along the boundary with fruitful results.

Liquor shipments: At the instigation of the United States Government, regulations were put into effect during July, 1935, whereby restrictions were placed on liquor vessels clearing St. Pierre-Miquelon unless a bond was put up, to be cancelled only when landing certificates were produced. This proved a temporary check on the traffic; but the trade from those islands was quickly substituted by the arrival of steamships from European ports, chiefly Norwegian vessels bringing alcohol of Belgian, Dutch, German and Austrian origin. These deep-sea vessels would anchor at a rendezvous on the high seas adjacent to the Nova Scotia and New England coasts, and discharge cargoes consisting of up to twenty-five thousand cases of alcohol to fast motor-boats which made the ship-to-shore trips.

54. It has occurred to us that more could be done by our own country along the lines of the United States treaty with the French Government, which resulted in the restrictions placed upon liquor vessels clearing from St. Pierre-Miquelon, by making similar arrangements with other British colonies or with other countries outside the Empire.

Customs duties—excise taxes (liquor): The reduction of customs duties and excise taxes provided in the 1935 Budget followed a strong recommendation from these headquarters that it was deemed advisable to lessen the profit, and thereby the incentive to smuggle liquor. While this has had some effect, our experience during the past season indicates that the margin of profit is still sufficient to provide the incentive to smuggle this commodity and also to carry on illicit distillation. The traffic fluctuates over the border as the price structure in the two countries provides the market. At times we have a flow of American alcohol, and at other times the Canadian produce flows south. This situation emphasizes the advantage of close co-operation with the United States preventive officials.

56. It is believed that if the various provincial governments maintaining liquor stores would give the fullest possible effect to reduction in the taxes in the retail prices they would be making helpful and worth-while contribution to successful preventive work.

Legislation: During the past two years several important sections of the Customs Act have been the subject of adverse rulings in the courts, which have nullified their usefulness. This is particularly the case with respect to those sections dealing with the seizure of liquor laden vessels and the prosecutions of persons found on board.

57. Recommendations based on our experience have been submitted to the Department of National Revenue, and we understand that amendments to the Customs Act will be submitted at the present session of Parliament, which, if adopted, will materially strengthen our arm from a preventive angle.

Marine section equipment: The liquor traffic in the Maritime Provinces has at all times called for great vigilance, and aircraft provided by the Royal Canadian Air Force, carrying police observers, have co-operated with cruisers and land forces in combating the landing of liquor in the three provinces concerned.

59. A total of thirty patrol vessels were taken over from the former Preventive Service, varying in size from thirty-five to one hundred and eighty feet in length, also the personnel of the vessels, approximately two hundred and thirty officers and men. It was found that a number of the vessels were obsolete, and costly to maintain, and a program was undertaken to substitute new vessels of approved type and low maintenance.

60. As an example of the high cost of operation of certain vessels taken over, the Margaret and Conestoga are cited. Records show that the cost of operating the former for a ten months' cruising period was well over $100,000, and the latter for an eight months' cruising period, $40,000. Both vessels were disposed of by sale shortly after we assumed the duties of the Preventive Service. The following comparative figures for the combined operating and capital expenditure for Preventive Service patrol boats and cruisers are taken from the Auditor General's reports for the respective years:

1931-32..	$887,091 06
1932-33..	517,424 47
1934-35..	513,734 78

61. The personnel to-day is a trained force employed on a yearly basis. They receive marine training and courses in preventive work during the lay-up period. Promotion is limited to advancement from the ranks, and every inducement is given to a man to better himself. In addition, the men are now eligible for pension.

62. The prevention to-day is more effective than in 1932. Some of the cruisers have been equipped with small, high-speed contact boats, which can be lowered over the side and chase rum-runners.

63. Recent additions to the fleet are small sixty-foot vessels of a very seaworthy type, capable of navigating in very shallow water and very effective in searching coves, etc., where they can be run up on the shore without any damage to the vessel. The cost of maintenance of such units is exceptionally low. Two new steel cruisers now under construction will add to the effectiveness of next season's patrol at a low cost.

64. Our present marine equipment is not all that could be desired, and a program for additional construction of patrol vessels during the present year, which would have further strengthened our defence, has had to be postponed in view of the curtailment of our estimates presented for the purpose. Additional wireless equipment, for our patrol vessels, and further motor transport are needed.

Conclusions

Sources and uses of information: Another factor which has proven important in preventive measures is the necessity of dealing liberally with informers who assist the Force in locating caches of liquor, or who supply information of intended landings, etc. The system of utilizing informers in police and preventive work is sometimes criticized, but it is a matter of record that many seizures are a direct result of information supplied and no successful alternative has yet been found to replace this type of service. It is our belief that a greater measure of reward to informers than that at present provided by the regulations would be justified, in the final analysis, by the suppression of smuggling and the resultant revenues which would be recouped through forcing consumers to utilize legitimate channels to obtain their supplies.

Legal assistance: It is considered that it would be of advantage to have permanent counsel appointed in all large centres to prosecute on behalf of the Crown in cases under the Customs and Excise Acts. It has been our experience that certain counsel specialize in the defence of individuals charged with infractions of those Acts, and are invariably retained by persons so indicted, whereas under the present system instructions are sometimes received to employ counsel with little experience in cases of this type, who are hopelessly outclassed by defence counsel of the type referred to above.

Efficiency of service: In conclusion I would state that at the present time members of the Force have the necessary powers to enforce the Customs and Excise Acts and are being thoroughly trained for the work, and that the Force is equipped as far as possible with a personnel to take care of situations as they arise. It is realized that we must be ever on the alert to offset the new tactics introduced by the law-breakers as they arise, the new equipment which they use, and systematic study which they evidently give to their problems.

68. The cost of the Preventive Service as a whole has been consistently reduced, as indicated by the following figures. The vote for Preventive Service, 1931-32, was slightly in excess of $2,100,000; amount of vote transferred to the R.C.M. Police from the Department of National Revenue when the duties were assumed, on April 1, 1932, slightly in excess of $1,500,000; the present annual cost is approximately $1,000,000.

69. We are under no illusions as to the extent of the liquor traffic, and while every attempt is made to combat the ever-changing tactics of the rum-running fraternity, we do feel that there is much to be done.

Education of public: It is felt that education of the public to the serious effects of the illicit liquor trade would have valuable results. We have found that very reputable people have been quite frankly unsympathetic towards enforcement of laws respecting liquor traffic until it has been pointed out to them that the weaknesses of people for obtaining their liquor supply through illicit sources are being exploited to the detriment of the country and its revenue.

Yours very truly,

J. H. MacBrien,
Commissioner.

The explanation is lengthy, but I think it was worth while to inform the House of what the Preventive Service is accomplishing under very great difficulties. This statement will go out to the public with the preceding one explaining the reduction in duties, and if after publication of these statements there appears some further criticism which would

justify the Senate in appointing a committee of investigation, the Government will be quite ready to respond to the wish expressed.

I thank my honourable friend (Hon. Mr. Hughes) for bringing this matter to the attention of the Senate.

Hon. J. J. HUGHES: Honourable members, naturally I could not follow in all its implications the statement read by the honourable leader of the House. It will appear in Hansard and I shall read it with care and try to understand it fully. It clearly shows, however, that there is in Canada a tremendous smuggling organization covering the whole country, but particularly active on the seaboards, both east and west, and that although large sums of money are being spent and a small army of men and extensive equipment are employed, the Preventive Service has not yet been able to stamp out the evil nor to bring it under reasonable regulation.

Now I want the House to realize that this unfortunate condition of affairs is of recent growth. We did not always have it. During the War the Parliament of Canada, properly, no doubt—in its wisdom, at all events—raised the excise and customs duties on spirituous and malt liquors from small charges to exceedingly high ones. After the War these duties were continued and this business started. Therefore, it seems to me, we are justified in coming to the conclusion that it was the excessive duties which created the business. I knew when I was speaking before the recess that last session the Government made a considerable reduction in the duties, but I did not mention it at the time, because I felt that was well known to everybody or could be easily ascertained. But in the statement that has just been read the Commissioner of the Royal Canadian Mounted Police says the duties are still so high and the inducement to smuggle is still so great that the illegal business continues.

To my mind this is a very serious state of affairs. A large number of our people are divided into two camps. On one side there are those engaged in the smuggling business, who are trying to defraud the national revenue, and on the other there are those seeking to prevent them from doing so. In a small way there is a civil war going on in the country. Now, is it desirable that that kind of thing should exist, if it can be stopped?

As I have already pointed out, this business is of recent origin. It has sprung up within the last twenty years. Before that time we did not have it at all. Would it not naturally appear that the remedy lies in a return to the duties prevailing before the business began? If we adopted that remedy, would not this unlawful business die a natural death?

According to newspaper reports it appears that part of the organization on trial in Montreal last year was charged with defrauding the national revenue of $5,000,000—a very large sum of money. Then, the effect of this business upon a large proportion of the people engaged in it is such as to make them poor citizens of our country. That is a matter to be considered.

Some years ago, when the Preventive Service was being reorganized, the late Mr. Breadner and two or three other officials came before a committee of this House and gave evidence with respect to certain proposed amendments to the preventive laws. He was confident that if the proposed amendments were enacted his staff would be able to do more effective work in curbing smuggling. I stated at the time that I did not think it would be possible to stop the illicit traffic while the financial inducements were so great. Two or three years later he told me that the Preventive Service could not cope with the highly organized smuggling rings. I believe he was a very capable official, and certainly one determined to do his duty. I repeat, I do not think that this traffic can be controlled while the monetary inducements continue to be so attractive. In my opinion the only way to cure this tremendous evil is to reduce the duties so as to render smuggling no longer a profitable business.

I do not think our revenue would suffer by such a reduction of duties. It has been estimated by some persons with a considerable knowledge of the matter that on at least 70 or 80 per cent of the liquor now consumed in Canada no duty has been paid. I do not know whether that is a reliable estimate. However, to my mind, the loss of revenue is not so serious as the loss of character—the debauching of our people engaged in this illicit business.

Now, I would suggest that honourable senators who are interested—and I suppose almost every member is interested—read to-day's Hansard and study the statement from the Commissioner in charge of the Preventive Service, so that they may realize how serious is the state of affairs. In the meantime further discussion might be deferred until we meet again.

Hon. Mr. DANDURAND: The matter is not concluded.

Hon. Mr. HUGHES: No, the matter is not concluded to-day. I have this morning received from the president of the Canadian

Seamen's Association of Vancouver a letter commending me for having mentioned the matter in this Chamber, and stating that the smuggling business in Vancouver is simply appalling. I do not think that is the word the writer uses, but it is—

Hon. Mr. DANDURAND: An equivalent.

Hon. Mr. HUGHES: Yes, it is an equivalent. I have also received letters from the Premiers and Attorneys-General of two of the Maritime Provinces commending my action and saying that in their opinion Parliament should take some steps at this session to see if this evil cannot be brought under reasonable control. We have been complaining of lack of legislation from the other House. I think perhaps under the circumstances we could not be better employed than in looking into this very serious situation. The statement read this afternoon by the honourable leader of the Government (Hon. Mr. Dandurand) intimates that respectable people in the Maritime Provinces are sympathetic towards this illicit traffic. That the people of Canada should be divided into two armies fighting each other, one of them breaking the laws of the country in a wholesale manner, is an appalling state of affairs.

I thank honourable members for their patient attention.

Hon. Mr. DANDURAND: I should have informed the House that I have received a letter from the Premier of Prince Edward Island in which he refers to the statement made by the honourable senator from King's (Hon. Mr. Hughes) and says that this subject is of great importance to his province, and anything that can be done to curtail the traffic will be greatly appreciated by his Government.

Our honourable friend thinks that the only way to curb the evil is to reduce the excise duties. I do not think it would be contrary to the rules of procedure for him to move that in the opinion of this Chamber the present excise duties are too high. By taking this course he would be able to test the views of honourable members. He would then find that there are two sides to the question, for while, if the duties were reduced, smuggling might be discouraged, cheaper whisky would stimulate consumption, to the prejudice of temperance. Of course, I appreciate his point that under prevailing conditions the morale of the people is being badly sapped.

The matter is still open for further discussion. I simply place on Hansard the statement received from the Commissioner in charge of the Preventive Service.

Hon. A. D. McRAE: Honourable senators, inasmuch as the honourable gentleman from King's has referred to the deplorable conditions at Vancouver—

Hon. Mr. HUGHES: I did not refer to the honourable member.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. McRAE: —I think it might be well for me to observe that the situation on our Pacific coast has, I understand, greatly improved since the annulment of the Eighteenth Amendment. In fact smuggling of liquors into the United States has almost ceased.

I followed very closely the lengthy statement from the Commissioner of the Royal Canadian Mounted Police, which the honourable leader of the Government (Hon. Mr. Dandurand) has placed on Hansard. It indicates that the Preventive Service has been very active in curbing liquor smuggling, and that apparently the present force is adequate for this service, there being no request for its expansion.

In the opinion of the honourable senator from King's cheaper whisky is the only cure for the smuggling evil. But, as the honourable leader of the Government has suggested, the application of this cure might be open to objection on the part of those who think we are already drinking too much liquor.

Hon. Mr. POPE: I am in favour of cheaper whisky.

DOMINION FRANCHISE BILL

CONSIDERED IN COMMITTEE AND REPORTED

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 3, an Act to amend the Dominion Franchise Act.

Hon. Mr. Copp in the Chair.

On section 1—revision of lists:

Hon. Mr. DANDURAND: My attention is drawn to the fact that section 20 of the Act amended by this Bill is but a procedural section, and that the operative sections are 19 and 22. Section 19 need not be modified, but it is suggested that we should modify section 22.

Hon. Mr. ROBINSON: Mr. Chairman, the Bill has not been properly drawn, and I should like to move in amendment to strike out the word "thirty-seven" in line 8, and substitute "thirty-five, except in the year 1936;" and to add, as clause 2, the following:

Section 22 of the said Act is repealed and the following is substituted therefor:—

22. The days between the fifteenth day of May and the first day of July in each year, except in the year 1936, shall be a revisal period during which all Registrars of Electors shall, pursuant to this Act and in the manner indicated in this Part, make and certify revised lists of electors for all polling divisions.

The Act is left intact except for the year 1936, and this is what we want to accomplish.

Hon. Mr. BEAUBIEN: I suppose 1936 does not appear anywhere else in the Act.

Hon. Mr. ROBINSON: No.

Hon. Mr. McRAE: I do not follow these bills very closely, but as I think this amendment practically makes this a new bill, it may be appropriate to offer an observation with respect to the bills that come to us from the House of Commons for approval. I am sure that every honourable senator knows how much time was wasted last year on imperfect bills that came from the other House, some of which were sent back with as many as fifty or fifty-four amendments. The proposed amendment would seem to be a very simple one, and it is rather discouraging to find that the Bill placed before us for consideration, as a result of the very first effort, has to be practically rewritten. Fortunately, this measure is short, and we are not busy, but I hope that later in the session we shall not be called upon to rewrite a lot of important legislation.

The proposed amendment was agreed to.

The preamble and the title were agreed to.

The Bill was reported.

THIRD READING

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

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

PRIVATE BILL

FIRST READING

Bill A, an Act to incorporate the Economical Mutual Fire Insurance Company.—Right Hon. Mr. Graham.

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

Hon. Mr. ROBINSON.

THE SENATE

Thursday, March 5, 1936.

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

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Bill B, an Act to incorporate Domestic Finance Corporation.—Hon. Mr. Marcotte.

DOMINION LANDS ACT

APPROVAL OF ORDERS IN COUNCIL

Hon. Mr. DANDURAND moved:

Resolved, that the Orders in Council made between the 1st day of January, 1935, and the 31st day of December, 1935, under the provisions of the Dominion Lands Act, chapter 113, R.S.C. 1927, and which were laid on the Table on the 11th February, 1936, be approved.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Right Hon. Mr. GRAHAM moved the second reading of Bill A, an Act to incorporate the Economical Mutual Fire Insurance Company.

He said: Honourable members, with the consent of the House I am moving the second reading of this Bill to-day. As I understand the Bill, its real object is to give federal incorporation to a concern that has been operating many years in Kitchener, Ontario, under a provincial charter. On looking at the measure you will observe, I think, that the directors are the same persons who have been directors of the provincially incorporated company. At least, they are all very substantial men. The business is perfectly solvent and in good financial condition, and it is merely with respect to the expansion of the business that it is desired to have a Dominion charter. If the Bill is given second reading, I should like to see it referred to the Committee on Banking and Commerce.

Hon. Mr. McMEANS: Why not the Private Bills Committee?

Right Hon. Mr. GRAHAM: Insurance bills have ordinarily been handled before the Banking and Commerce Committee, on account of the fact that the Superintendent of Insurance usually attends that committee and expresses his approval or disapproval of the measures that are dealt with.

Hon. Mr. BALLANTYNE: Are the incorporators asking for wider powers?

Right Hon. Mr. GRAHAM: They may be, but I have not seen the provincial charter. We shall have full details when the Bill comes before the Banking and Commerce Committee. As explained to me by Hon. Mr. Euler, one of the directors, the board is planning for an expansion of the company's business, and therefore requires a federal charter.

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

BUSINESS OF THE SENATE

MOTION TO ADJOURN

Hon. RAOUL DANDURAND: Honourable senators, we returned here at the beginning of this week to find that the House of Commons had not yet been in a position to send us any legislation. Because of my fairly long parliamentary experience I was not very much surprised at this state of things.

I desire to explain to a number of our new members and to the public at large what is the situation of this Chamber during the early part of the session. There are matters special to the House of Commons, some of which do come to us for consideration, but which do not linger here as long as in the Commons. In my thirty-eight years as a member of this Chamber it has been my experience that in an average session of five months the House of Commons devotes at least two months to matters that we dispose of within two days. For instance, the discussion on the Address in reply to the Speech from the Throne lasts from one to two and sometimes three weeks in the Commons. Similarly, the other House discusses the Budget for two weeks or more. Then the voting of Supply in Committee of the Whole in the Commons takes four weeks and sometimes longer.

It must be borne in mind that two hundred and forty-five members are returned to the House of Commons, and that the debate on the Address usually occupies several weeks because of the political aspect of the Speech from the Throne, which naturally interests the two parties facing each other there—I should say three or four parties now. We in this House, in our discussion of the Speech from the Throne, try to keep as far away as possible from the political angle in order to retain our quasi-judicial spirit. In the other House there is a protracted debate on the Budget, and all the tariff amendments therein proposed are incorporated in separate Bills, which again are fully discussed. In my experience the Supply Bill is generally transmitted to this House within two hours of prorogation. We could hold it for twenty-four hours or longer, but we content ourselves with a general discussion of the expenditures, whether widened or narrowed down by the Government of the day. On the contrary, most of the Supply items are discussed in the Commons. Half a dozen members or more will criticize particular items on the ground that the appropriation is too small, or that it discriminates against other sections of the country. As a result the discussions on Supply extend over weeks and weeks.

I estimate that the House of Commons devotes to these subjects alone, the Address, the Budget, and Supply, a good two months, whereas in this Chamber we deal with them in a comparatively short time.

I am confident that our parliamentary records of the last twenty-five or fifty years will bear me out when I say that the Senate has never been able to give more than three months out of five to the careful and patient study of proposed legislation. This, I think, has been the experience of all senators who have been in this House for some years.

Now, I draw the attention of the public to a feature which is peculiar to the House of Commons. Its two hundred and forty-five members must during the session express the opinions of their electors, sometimes in a carefully prepared speech which later they circulate throughout their constituencies. In most cases many, if not all, of the arguments and facts of that speech have been expressed ten or twenty times before, during the session. It may be asked, why this repetition. Simply because, while ostensibly addressing the House of Commons, its members are in reality speaking to their electors, to whom, as I have said, they will distribute copies of their speech. I do not object to that practice. Even when some honourable members do not feel the inspiration, they do feel the necessity of raising their voice throughout the session in order that their electors may know what they are doing on the floor of the House.

During the last few weeks of the session, legislation would be flowing steadily from the Commons to the Senate, and when as a Minister of the Crown I would enter the Council Chamber I would often be asked by my colleagues how far we had advanced in our work. I would answer, "We have concluded our work." In surprise they would exclaim: "What! Why, it is only last week that we sent you many bills." I would

reply: "Oh, yes, that is true, but we have fully considered all those bills and have amended them where they required amendment, and sometimes extensive amendment, and we are returning them to your Chamber. But you must realize this situation"—and I confess I was speaking somewhat facetiously —"that you gentlemen of the Commons address yourselves to your electors, while we in the Senate address ourselves to the question; which is a much shorter and far more expeditious procedure."

One fact to which I would draw the attention of that section of the public which may be disposed to criticize us because we adjourn at this time—for we have been subjected to criticism during the past two weeks—is that members of the House of Commons inscribe their names on a list to signify their intention of speaking on a certain subject, and, having done this, they go to their rooms and prepare speeches which may follow the exact trend of thought and argument contained in ten other speeches, already delivered. In this Chamber such a thing never occurs. Here, when discussions take place, any objections raised are answered directly, and no one thinks of raising them a second time once they have been answered. Our discussions are direct and to the point. Within a few hours we have solved all difficulties, or have agreed to disagree on certain points. That is the difference between the atmosphere of the Commons and that of the Senate. Therefore, to those who ask why the Senate is adjourning, I say that it is because in three months it can well do the work that it is called upon to do—work which in the Commons, under another form of procedure and practice, consumes five months. For these reasons, there being no legislation coming from the Commons, I would move that when this House adjourns to-day it do stand adjourned until the 21st of March at 8 o'clock in the evening.

Some Hon. SENATORS: The 21st?

Hon. Mr. DANDURAND: I had thought of adjourning to the 17th, but my right honourable friend felt so much aggrieved at being called back on St. Patrick's Day that out of consideration for his feelings I will move that we adjourn to Monday, the 21st of March.

Right Hon. Mr. GRAHAM: St. Patrick wins, and I take the blame.

Hon. Mr. BALLANTYNE: Monday is the 23rd.

Hon. Mr. POPE: Keep on going.

Hon. Mr. DANDURAND.

Hon. J. A. CALDER: Honourable members, I rise, not to speak to the motion, but to say that since yesterday, and again since the statement made to-day, I have been speaking to one of our members about the advisability of the Senate having a special committee each session endeavour to select two or three subjects which might be dealt with by this body and would provide some work for it to do. This member said he had often thought of moving for a committee to deal with some particular subject, but had always hesitated to do so. Having regard to the personnel of the Senate and the experience of its members in the public life and business life of this country, it seems to me that each session we could very profitably deal with two or three outstanding problems which have no political aspect whatsoever, but in which the public generally are very much interested.

I would cite as an illustration of what I mean the deliberations of our Committee on Tourist Traffic. That committee did good work in dealing with a very important subject, and I think the results of its labours are evident throughout Canada to-day.

A subject that I have in mind at the present time is reforestation. How much do our people know of what has been done, what is being done and what should be done in the way of reforestation in this country? I confess that I know little about it myself, though I should like to be informed. The only way I could become familiar with it would be by a prolonged search, I do not know where, or by the report of a committee which went into the subject from top to bottom. We all know the importance of this subject: we all know what is happening in Canada in the slashing of our forests, and when we look forward thirty, forty or fifty years we know what is likely to be the result unless something is done to prevent it. I mention that merely as an illustration.

I quite agree with the honourable leader of the Government that under existing conditions there must necessarily be a period during the early part of the session when we simply cannot have work to do in this House; but it seems to me that this House, after the first adjournment or so, could very profitably take up some large public question or questions in which all the people of Canada are interested, and which have no political aspect at all.

Right Hon. Mr. GRAHAM: Hear, hear.

Hon. Mr. CALDER: My suggestion would be that we should have a small committee, not exceeding seven in number, which would meet at the beginning of each session to select the topics to be considered by the

Senate during the session. The adoption of such a proposal would give the committee a good deal of work to do, and afterwards would lead to profitable discussion in the House.

I have not been here very long—about fourteen or fifteen years—but according to my observation and experience the situation always has been and always will be the same. Conditions are such that this cannot be altered. As the leader of the Government has said, the House of Commons must necessarily give attention to things which do not concern us at all. During the early part of every session there must be periods when nothing is coming to us from the other House and when, as a consequence, we have nothing to do.

Hon. C. C. BALLANTYNE: Honourable members, there is another important policy that might be extended. During the five sessions that I have had the honour of being a member of this House a great deal of most important legislation has been initiated here. We all know very well that under our Constitution one House has as much right as the other to initiate legislation. Among the measures originating in this House during the past few years have been the Railway Bill, the Shipping Bill—the biggest Bill I ever saw —the Admiralty Bill, the Insurance Bill and the Patent Bill. I do not see what objection any Government that happens to be in power could have to turning over at least a part of its legislation for initiation in this House.

Many of us have sat in both Houses, and several, including myself, have been Ministers of the Crown. Without the slighest intention of criticizing any action of the other House, I think it can be said that when one becomes a member of the Senate and attends meetings of its two most important committees, the Railway Committee and the Banking and Commerce Committee, one is immediately struck with two things. First, there is not a word of reference to politics. This is my fifth session as a senator, and I have never heard a political speech in this House, nor a word of political discussion when bills were being considered by either of the committees I have mentioned. The second thing is that measures are much more quickly and efficiently considered in this House. This is due first of all to the fact that we are summoned to the Senate for life and therefore are not interested in elections; and, secondly, to the fact that honourable members are—I will not say old, for that is not true, especially of our lady members, but, as the honourable senator from Saltcoats (Hon. Mr. Calder) has remarked, rich in experience in business, public affairs and many other walks of life. I know that the honourable leader of the Government in this Chamber has done his best to have work for us early in the session, and I hope he will continue his efforts along that line.

I am very glad indeed that the honourable leader has made his statement, and I want to offer him my congratulations. The people of Canada are not properly seized of the duties of this House, nor of the manner in which those duties are performed. It seems to me that the average person thinks the Senate is simply a rubber stamp, that senators have a very pleasant and easy time, and that all the work is done by the other House. We all have listened to a great many joking references to this effect. So I for one am greatly indebted to the honourable leader for saying what he has said to-day. His remarks will, I hope, give the public a better and higher appreciation of the valuable work that this honourable House does.

Hon. Mr. DANDURAND: Honourable members of the Senate, I desire to add one remark. Last year we had a very heavy legislative session. And as my honourable friend opposite (Hon. Mr. Ballantyne) has just said, in the course of the last Parliament there were some highly important measures coming for review before this Chamber. Now, such measures as the Insurance Act, the Shipping Act, the Patent Act and the Railway Act will not have to be overhauled every year; so I hope we may expect the legislative work this session to be lighter than in 1935. There are people who believe that the tendency is for us to place too many laws on our Statute Book. The fact is, of course, that we pass laws when we feel it is opportune or necessary to do so, in the public interest. But there should be, it seems to me, some lean years in legislation.

Some Hon. SENATORS: Hear, hear.

The motion was agreed to.

The Senate adjourned until Monday, March 23, at 8 p.m.

THE SENATE

Monday, March 23, 1936.

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

Prayers and routine proceedings.

CANADIAN WAR-TIME ENLISTMENTS

QUESTION OF PRIVILEGE

Before the Orders of the Day:

Hon. J. P. B. CASGRAIN: Honourable senators, before the Orders of the Day are called I wish to draw the attention of the

Senate to a letter that appears in the Toronto edition of a certain magazine. I crave permission to read the letter, and I promise the House that it will not take longer than two minutes.

(Hon. Mr. Casgrain read the letter in question).

I think the Government cannot act too quickly to contradict such a statement. This was printed in Toronto, that most influential and most active centre for disseminating Bolshevik propaganda.

Hon. JAMES MURDOCK: Honourable senators, surely the Senate of Canada should not print in its records the statements that have just been read to us by the honourable member to my right (Hon. Mr. Casgrain). I had already read the article. We all know the statements are erroneous. Then why should the Senate of Canada dignify them by placing them on Hansard? The communication is from Providence, Rhode Island. I repeat, the statements are not true. I would move that they be expunged from our records.

Hon. Mr. MacARTHUR: Would the honourable member include the Press?

Hon. Mr. MURDOCK: Certainly, I would ask the Press to make no reference to the matter. I think the statements are beneath contempt.

Right Hon. Mr. MEIGHEN: I am disposed to agree with the honourable senator from Parkdale (Hon. Mr. Murdock). I do not think I ever listened to so scandalous a recital of mendacious rubbish.

Hon. Mr. MacARTHUR: I second the motion.

Hon. Mr. CASGRAIN: Surely if you do not defend yourself you are adjudged to be guilty. I know the statements are untrue, but they have done a lot of damage. Failure to contradict officially these false statements, printed in Toronto, is enough to make one hot under the collar; especially one whose three grown-up sons all enlisted for service overseas—two as aviators, one of whom became a prisoner of war in Germany. I have been asked by some very prominent persons to have these malicious statements contradicted officially. They tell me that if the statements are not so contradicted the public may think there is a great deal of truth in them.

Hon. Mr. BALLANTYNE: If my honourable friend will allow me—the proper way to have the communication contradicted would be to send it to the returned veterans' association and let them deal with it.

Hon. Mr. MURDOCK: I believe that this article is the work of a Red who is trying to get under somebody's hide. Our answer to the statement is to be found in thousands of graves in France and Canada, and in our hospitals. We do not need to contradict such a contemptible article. It does not deserve any recognition by this honourable House.

The motion was agreed to.

DIVORCE AND REMARRIAGE BILL

FIRST READING

Hon. Mr. HUGHES introduced Bill C, an Act respecting the Remarriage of Certain Divorced Persons.

He said: Honourable senators, the object of this Bill is to prevent the guilty party, or the respondent, in a divorce case from remarrying during the lifetime of his or her former spouse to any person other than that spouse.

The Bill was read the first time.

PRIVATE BILL

FIRST READING

Bill D, an Act respecting the Northern Trusts Company.—Hon. Mr. Haig.

ECONOMIC COUNCIL OF CANADA ACT REPEAL BILL

SECOND READING

Hon. Sir ALLEN AYLESWORTH moved the second reading of Bill 6, an Act to repeal the Economic Council of Canada Act, 1935.

He said: Honourable members, this Bill possesses at least the merit of brevity, and needs little, if any, explanation. It comes to us from the House of Commons. Its purpose is to repeal an Act passed last session. The Bill then enacted was presented by the right honourable leader of this House at the time (Right Hon. Mr. Meighen) as a Government measure to establish an economic council, and was passed after very little discussion—merely a few remarks by the leader on our side of the House and a word of criticism from another honourable member. The late Government took no action under the statute to set up the proposed economic council. I presume that no part of the $20,000 appropriated last session for the purposes of the council has ever been expended. No similar provision appears in the Estimates for the fiscal year ending March 31, 1937. Apparently the present Government does not intend to act under the statute. In fact, on the second reading of this Bill in the other House, when the Prime Minister was pressed

to state the position of the Government with regard to the Bill, he contented himself with simply saying that this Government thought it was not in the public interest that the Act should remain upon the Statute Book. Accordingly, this Bill was passed by the House of Commons without division and with virtually no discussion. It would appear that the Government of the day has no intention of proceeding under the Act, and therefore it might as well be repealed.

Right Hon. ARTHUR MEIGHEN: Honourable members, the consideration which ordinarily should govern the repeal or non-repeal of an Act of Parliament is whether or not that Act is capable of being of public service. I do not think it is worth while, though, to argue now the question of the value of an economic council. There were, perhaps, those who thought it something in the nature of supererogation, but the Commons of last year unanimously, I believe, passed the measure sponsored by the Government of that time, and it passed also without opposition in this House. For myself, I think a thoroughly well selected body of men who made their life work a study of economic questions, men of the stamp of Maynard Keynes, of England, if we had them in this country, might be, and certainly ought to be, of immense value to us.

Hon. Mr. CALDER: Hear, hear.

Right Hon. Mr. MEIGHEN: But if the Government of the day do not want the measure, I certainly am not going to be a party to forcing it upon them. It is, to my mind, not only conceivable but probable that an economic council would be of use if selected by a Government who believed in the institution they were establishing; but it is utterly beyond common sense to suggest it could be of any value if appointed by a Government who had no faith in it and did not think it could serve this country. Therefore I do not oppose the repeal of the Act. Indeed, the line of reasoning I am adopting is just that advanced by the honourable senator from North York (Hon. Sir Allen Aylesworth).

But I do call attention to something that appears to me as extraordinary. I do not like this House being addressed as if it really had meagre intelligence, and in that very fashion it is addressed in the explanations vouchsafed to us on the second page of this measure:

> The purpose of this Bill is to repeal The Economic Council of Canada Act, 1935, for the following reasons:—

Now, will the House mark the reasons why the Act is to be repealed?

> (a) The Governor in Council has not deemed necessary or expedient to appoint any members to form an economic council.

Not that the Governor in Council thinks an economic council would not be of any use; but that the Governor in Council has not done anything. In paragraph (b) we are told:

> (b) According to section twelve thereof, the said Act is inoperative if moneys are not appropriated by Parliament for the purposes of the council; and whereas the provision for an expenditure of $20,000 appeared as item 412 in the schedule of The Appropriation Act, No. 6, 1935, said provision has been left out of the Estimates for the fiscal year ending March 31, 1937.

So we are asked to repeal the measure, not because it is not a good measure, but because no money has been voted to sustain and operate it. Surely we are entitled to an explanation which suggests a little better estimate of our intelligence than what is indicated here. I know the honourable leader of the House (Hon. Mr. Dandurand) is not responsible for the explanatory notes, but it is utter nonsense to address them to a deliberative assembly.

As stated by the honourable member from North York, it would be absurd to have legislation remain on the Statute Book if the Government of the day do not believe in it, and evidently they do not. Therefore I do not oppose the present Bill. But I should have liked the Government to tell us why they do not believe in the legislation now sought to be repealed, especially in view of the fact that when it was being enacted members of the present Administration supported it.

Hon. RAOUL DANDURAND: My right honourable friend suggests that the Government should have given its reasons for the repeal of that legislation. But the Government took no action in the matter: the Bill before us comes from a private member of the House of Commons. As the honourable gentleman from North York (Hon. Sir Allen Aylesworth) has said, the Prime Minister was asked what was the opinion of the Government with respect to the measure, and he answered that as he had his own Council to advise him, and had at his elbow all the experts in the departments, he did not deem it proper to appoint an economic council. I make this statement simply to free myself and the Government of responsibility for the statement which appears on the page opposite the Bill.

The situation confronting us reminds me of a statement made by Mr. Joseph Chamberlain to the late Sir George Ross, who was

at one time leader of his party in this House, and had been Prime Minister of Ontario. While Prime Minister of Ontario Sir George attended a dinner in London. He had the privilege of sitting beside Mr. Chamberlain, who said: "Oh, you come from Ontario. If I am not mistaken, you have in that province a Government which has been in power for some thirty years. That seems extraordinary to Englishmen on this side of the ocean, where a government seldom lives for more than one parliament. There have always been five per cent of the population dissatisfied, and every four or five years they upset the Government." Then he added this statement, which is interesting: "That habit of changing governments every four or five years has this advantage: an Act placed on the Statute Book, unless it has been received favourably by the Opposition, is not deemed to be a national Act until the party which has opposed it comes into power and respects it; then it becomes a national Act." Apparently the situation here is that the legislation of the last Parliament is not respected by this one, and is not deemed to be "national legislation."

Right Hon. Mr. MEIGHEN: With all respect, I would point this out. Though this Bill was introduced in the other House by a private member it did not affect private legislation at all, but repealed a public Act. Therefore the Government had to take a position upon it, and what may be described as reasons for the position taken, however weighty they may be, or however unimportant, were advanced by the Prime Minister. But they are not addressed to us. We are addressed in child's talk.

Hon. Mr. DANDURAND: It was not the Government that drafted the Bill or the reasons.

Right Hon. Mr. MEIGHEN: But the Government must be responsible for the reasons in respect of the repeal of a public measure; therefore I call attention to the danger the Government get into when they permit, recognize and sanction the repeal of a public measure, which was a Government Bill, at the instance of a private member. There is this further to be remembered: the moral that the honourable member draws, which appears to give some merit to the system of discarding legislation objected to before the defeat of a government at an election, does not apply in the present case. This measure met with no objection from any party. Further, I venture this piece of information: one of its main sponsors, if not its main sponsor, was a most distinguished, useful and honoured servant of Canada who happens to have been appointed by the leader of the present Government.

Hon. Mr. DANDURAND: I would draw attention to this fact. We used to receive from the House of Commons bills which gave us no inkling of the reason why they were introduced. Some of them amended sections of an Act by striking out or adding a few words here and there, and no ordinary member could find out the meaning of the changes without calling for the statute to be amended and ascertaining where the words were to be eliminated or added. It was the Senate of Canada who decided that the practice should be altered and that bills originating in either Chamber should contain reasons and explanations, and the text of the clause to be amended, so that every member could see at once what was to be effected.

My purpose in rising was simply to say that any private member can introduce a Bill to amend government legislation, and I believe—I stand to be corrected if I am wrong—the member who takes such action is the one who bears full responsibility for the drafting of the Bill and for the explanations accompanying it.

Right Hon. Mr. MEIGHEN: Not after the Bill passes the other Chamber.

Hon. Mr. DANDURAND: I am not so sure about that.

The Hon. the SPEAKER: Is it your pleasure, honourable members, to adopt the motion for the second reading of the Bill?

Hon. Mr. ROBINSON: It appears to me that it might be a good idea to allow the motion to stand over until to-morrow, so that the sponsor of the Bill may have an opportunity to read this discussion. He might have something to say.

Right Hon. Mr. MEIGHEN: He cannot say it to us.

Hon. Mr. LITTLE: The honourable gentleman means the sponsor in this House.

Right Hon. Mr. MEIGHEN: Oh, I beg pardon. I thought he meant the sponsor in the other House.

The Hon. the SPEAKER: Does the honourable senator move to postpone the second reading?

Hon. Mr. ROBINSON: Yes.

The Hon. the SPEAKER: It is moved by Hon. Senator Robinson that the debate be adjourned until to-morrow. Are you ready for the question?

Right Hon. Mr. GRAHAM: I think my honourable friend from the East (Hon. Mr. Robinson) is up to his old tricks again and is perpetrating a joke on us. It seems to me very clear that nobody objects to the passage of this Bill, but everybody in either House is agreeable to it. Then why postpone it for another day to see if something may not turn up? I think my honourable friend would be well advised to wait for another Bill on which to move the adjournment of the debate.

Hon. Mr. ROBINSON: Honourable members, I am always prepared to take the advice of the right honourable gentleman from Eganville (Right Hon. Mr. Graham). I suggested a postponement only out of deference to the honourable gentleman from North York (Hon. Sir Allen Aylesworth), who, I thought, might like to make some comments, and would appreciate an opportunity to read the discussion. I think there is a great deal of legislation that ought to be repealed.

The Hon. the SPEAKER: Does the honourable gentleman withdraw his motion?

Hon. Mr. ROBINSON: Yes.

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

THIRD READING

Hon. Sir ALLEN AYLESWORTH: Honourable members, I would suggest that there is nothing in this Bill needing the services of any committee, and with the consent of the House I would move the third reading now.

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

PRIVATE BILL

SECOND READING

Hon. Mr. MARCOTTE moved the second reading of Bill B, an Act to incorporate Domestic Finance Corporation.

He said: Honourable senators, I do not think the House will need much explanation of this measure, because it is exactly along the lines of previous bills that were passed in both Houses, more especially in 1933-34. The Bill incorporates a company to go into the business of lending money to the public. A most important part of such bills, as a rule, is that governing the charges that can be made, or the rate of interest. As honourable senators know, this is covered by general legislation, under the Interest Act, the Money Lenders Act and the Loan Companies Act, especially as amended in 1934. If second reading is given to the Bill I should like to have it referred to the Standing Committee on Banking and Commerce, where it would be thoroughly explained.

Hon. Mr. DANDURAND: Honourable members of the Senate, during the last few years—the period may extend back eight or ten years, for the years pass very rapidly—we have incorporated a certain number of similar societies or companies, whose object is the lending of money under certain safeguards or restrictions. I understand that one or perhaps two such companies will seek amendments to their charters this session. So far as Canada is concerned, such legislation as this is experimental; but I believe there has been a longer experience with it in the United States. I think the Banking and Commerce Committee will have to give some study to the whole question of how this past legislation has worked, and that may influence the committee in dealing with the present Bill. I do not object to the second reading.

Right Hon. Mr. MEIGHEN: Honourable members, I do not intend to object to the second reading either. I know that in previous years measures have been passed somewhat parallel to this, but whether or not the feature to which I now call attention is the same in those previous measures I am not certain. It appears that there is need for this class of company. At all events, legislation of the more advanced countries of the world seems to provide for it. The essential feature would seem to me to be that the company be compelled to make plain to its customers exactly what they are paying, and that the Bill prevent any device or subterfuge that covers up the real cost of the borrowing. I thought I found in some of the terms of this Bill expressions which would make it possible for that cost to be somewhat misunderstood by the borrower. While I consent to the giving of the second reading, I do not want it understood that with respect to this feature I am in agreement.

It would seem to me that the time has come when we might have a general measure. Why a separate bill should be required for every finance company wanting to make these small loans is a mystery. It is true that up to now it has always been necessary to have a bill in each case. I have the

impression, though in this I may be wrong, that in relation to a measure to come this session from a company which has been doing business for many years a proposal has been made that there be a general enactment, and its terms have already been discussed with the Superintendent of Insurance. If this is so, we should wait for that general measure, and if it is passed all such bills as this could come within its ambit. The second reading of the present Bill may as well pass; but I fancy that if a general measure is to come before us the Committee on Banking and Commerce would be wise to defer its consideration of this Bill, and of two others which I understand are to come, until we know whether or not there is to be a framework covering all legislation like this.

Hon. Mr. HAIG: Honourable members, I object to this Bill and to the principle underlying it. In our city we have many of these finance companies, and they are giving us a tremendous amount of trouble. Any bill which says that the Interest Act, the Money Lenders Act and the Loan Companies Act shall not apply, or that parts of them shall not apply, is a dangerous piece of legislation. I know nothing about the Senate, nor how the Senate works or thinks. I am not a member of the Banking and Commerce Committee, and so have not a chance to express these views there.

Right Hon. Mr. GRAHAM: Any senator can attend meetings of the committee and express his views, but if he is not a member of the committee he cannot vote.

Hon. Mr. HAIG: I am not on the committee and have not the same opportunity there that I have here. I object to the principle of this Bill, and I intend so long as I am a member of this House to oppose the principle underlying bills of this kind. If the right honourable leader on the other side (Right Hon. Mr. Meighen) can bring in a general measure covering not only companies that seek incorporation, but those already doing business, it will be a good thing. I can cite case after case, in my own province, of people on salaries who borrow money and are charged a high rate of interest. The companies cannot charge more than 12 per cent, but they make the rate as high as they can. They deduct part of the principal money as interest, they have fees for inspection, then they re-inspect and charge fees again, and they also impose fees for legal work, and so on, until the borrowers are harassed from pillar to post. We as a legislative body should not pass legislation incorporating companies to do that kind of thing. I submit we are on dangerous ground every time we pass a bill like this which provides that certain Acts passed for the general benefit of money borrowers shall not apply. I do not agree with the principle of this Bill at all, and I personally object to the second reading.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Marcotte, the Bill was referred to the Standing Committee on Banking and Commerce.

TORONTO HARBOUR COMMISSIONERS' BILL

FIRST READING

A message was received from the House of Commons with Bill 12, an Act respecting the Toronto Harbour Commissioners.

The Bill was read the first time.

Right Hon. Mr. MEIGHEN: Explain.

Hon. Mr. DANDURAND: As we have nothing on the Order Paper for to-morrow, I move that, with leave, the second reading be considered then. At that time the measure can be discussed.

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

THE SENATE

Tuesday, March 24, 1936.

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

Prayers and routine proceedings.

GOVERNMENT ANNUITIES

NOTICE OF MOTION

Hon. F. B. BLACK: Honourable senators, I give notice that on Thursday next I shall move:

That a special committee be appointed to consider and report upon the operation of the Government Annuities Act, being chapter seven of the Revised Statutes of Canada, and to make recommendations with respect to the desirability of extending or curtailing such operation; with power to send for persons, papers and records.

I should like to state some reasons, which I think might appeal to honourable members, as to why I am giving this notice of motion. The Government Annuities Act was passed originally in 1909, the Bill having been in-

troduced into this House by Sir Richard Cartwright. It was amended, I think in 1931, by a Bill initiated in this House, but that amendment provided only for reducing the maximum amount of an annuity that could be purchased from $5,000 to $1,200.

Hon. Mr. DANDURAND: I would draw my honourable friend's attention to the fact that he is now speaking to a notice of motion.

Hon. Mr. BLACK: Perhaps I had better postpone my remarks, but I thought the reasons why I am giving this notice might be pertinent now. I am prepared to speak now or on Thursday, as the House desires.

Hon. Mr. DANDURAND: The difficulty is that no one can understand the honourable gentleman's explanation as clearly as he could if we had the motion before us.

Hon. Mr. BLACK: Very well. I will postpone my remarks until Thursday.

PRIVATE BILLS

FIRST READINGS

Bill E, an Act to incorporate the United Credit Association.—Hon. Mr. Little.

Bill F, an Act respecting the St. Lawrence and Adirondack Railway Company.—Hon. Mr. Coté.

Bill G, an Act respecting the Ottawa and New York Railway Company.—Hon. Mr. Coté.

Bill H, an Act respecting the Trust and Loan Company of Canada.—Hon. Mr. Coté.

TORONTO HARBOUR COMMISSIONERS' BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 12, an Act respecting the Toronto Harbour Commisioners.

He said: Honourable senators, this is a very simple Bill. Its purpose is to amend section 20 of the Toronto Harbour Commissioners' Act, 1911. Doubt has been expressed whether this section gives the Harbour Commissioners authority to issue new debentures to meet maturing obligations. The Government of Canada not having guaranteed the outstanding debentures, the proposed amendment interests directly only the Toronto Harbour Commissioners and the City of Toronto. Those two authorities have been advised that it would be better to pass a declaratory Act affirming the Harbour Commissioners' right to issue debentures to pay off and redeem outstanding debentures before or at maturity. The amending section reads:

2. It is hereby declared that the powers granted to The Toronto Harbour Commissioners by section twenty of The Toronto Harbour Commissioners' Act, 1911, chapter twenty-six of the statutes of 1911, have always included and do include the power to borrow money from time to time for the purpose of paying off and redeeming in accordance with the terms thereof debentures from time to time issued by The Toronto Harbour Commissioners pursuant to the provisions of the said Act either at the maturity thereof or at such earlier date as such debentures or any of them may become or be made payable, in accordance with the provisions thereof; and have always included and do include power to issue debentures for money so borrowed.

This clause was drafted by the attorneys for the Harbour Commissioners and the City of Toronto. It has been suggested that it might well be clarified, and when the Bill is in committee a substitute clause will be offered, more in conformity with the proper legal phraseology.

Right Hon. ARTHUR MEIGHEN: The honourable leader of the Government has stated that it is intended to reword the operative clause of this Bill. Plainly it is subject to the very same defect as was in the original clause, which failed to provide that on maturity of the whole or part of a loan a new loan might be effected for refunding purposes. This Bill does not provide that on maturity of this new loan it may be repaid by means of another issue. As we all know, borrowing in these days is done with the intention, not of repayment, but of renewal, and provision should be made accordingly.

While I am on my feet let me make this suggestion to the House in general and to the honourable leader of the Government in particular. I have read over the operative clause of the Act, and really in point of draughtsmanship it is a masterpiece of ineptitude. One can hardly conceive of a clause being drafted in this form:

(2) The principal and interest of the sums of money which may be borrowed under this section shall be a charge on the revenue arising from the rental,

and so on. Then the subsection continues:

—and other lawful charges upon the said income shall be as follows:

(a) The payment of all expenses incurred in the collection of the same....

(b) The defraying the expenses of keeping the harbour clean....

(c) The payment of interest due on all sums of money borrowed....

(d) Providing a sinking fund for paying off the principal of all sums borrowed....

It will be observed that paragraphs (c) and (d) cover exactly charges already included in the first part of sub-clause 2, yet describe them as "other lawful charges." This might be

called to the attention of the Parliamentary Counsel of the Senate and a more extensive amendment made, for the wording of the original clause is utterly absurd.

Hon. Mr. DANDURAND: Our attention is directed simply to clause 2.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: I am under the impression that legislation which will come before us touching the administration of our ports will tend to modify or suppress all these clauses concerning harbour commissions; so the matter is of little consequence.

Hon. Mr. CASGRAIN: I understand that this all relates to Ontario. What about provincial rights?

Right Hon. Mr. MEIGHEN: They do not include harbours.

Hon. Mr. CASGRAIN: Bottoms of rivers and lakes do not belong to the provinces.

Right Hon. Mr. MEIGHEN: The management of the harbours is federal. Does Toronto harbour come under the new legislation? I am not certain.

Hon. Mr. DANDURAND: No, it does not.

Right Hon. Mr. MEIGHEN: I hardly thought so. Consequently it might be worth our while to make some sort of sightly specimen of this clause when we are at the job.

Right Hon. Mr. GRAHAM: The Government does not guarantee the Toronto bonds.

Right Hon. Mr. MEIGHEN: No; Toronto pays its way.

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: I had intended moving this Bill into Committee of the Whole to-day, but in view of the suggestion of my right honourable friend I will move that it be referred to the Standing Committee on Railways, Telegraphs and Harbours.

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 I, an Act for the relief of Sonya Shenkman, otherwise known as Sadie Shenkman.

Bill J, an Act for the relief of Louisa Markland Molson Blaiklock.

Bill K, an Act for the relief of Rita Constance Beatrice Gurd Rykert.

Bill L, an Act for the relief of Helen Elizabeth Ham Lilley.

Bill M, an Act for the relief of Mary Kaydouh Massabky.

Bill N, an Act for the relief of Dora Louise Gustiana York.

Bill O, an Act for the relief of Violet Charlotte Dyke Duiven.

Bill P, an Act for the relief of Irene Louise Penny McKee.

Bill Q, an Act for the relief of Esther Shapiro.

Bill R, an Act for the relief of Thomas John Howard Fox.

PRIVATE BILL

FIRST READING

Bill S, an Act to incorporate the Equitable Life Insurance Company of Canada.—Hon. Mr. Laird.

CANADA-UNITED STATES TRADE AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 13, an Act respecting a certain trade agreement between Canada and the United States of America.

The Bill was read the first time.

Hon. Mr. DANDURAND: I am in the hands of the House, but as we have very little on the Order Paper for to-morrow I believe we could take the second reading of this Bill then. I shall try to be ready to explain the Bill, about which I suppose a few members have heard a great deal lately, and then we may proceed to pursue the discussion to a finality. Therefore, if there is no objection, I move, seconded by Right Hon. Mr. Graham, that the Bill be put down for second reading to-morrow.

The motion was agreed to.

SALARY DEDUCTION (CONTINUANCE) BILL

FIRST READING

Bill 15, an Act to provide for deduction from compensation in the public service.—Hon. Mr. Dandurand.

INCOME WAR TAX BILL (SPECIAL TAX)

FIRST READING

Bill 16, an Act to amend the Income War Tax Act (Special Tax).—Hon. Mr. Dandurand.

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

THE SENATE

Wednesday, March 25, 1936.

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

Prayers and routine proceedings.

PRIVATE BILLS

REPORT OF COMMITTEE

Hon. F. B. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill A, an Act to incorporate the Economical Mutual Fire Insurance Company, and moved concurrence therein.

He said: Honourable senators, the committee has, in obedience to the order of reference, examined this Bill and now submits it with four amendments. I may say that these amendments are brief, with the exception of the last one, which is as follows:

Notwithstanding anything contained in subsection one of section four, or subsection one of section five, of the Canadian and British Insurance Companies Act, 1932, the said Act shall apply to the Company except as otherwise provided in this Act.

For the information of honourable members I might add that this company, which is now seeking Dominion incorporation, is at present doing business in the province of Ontario.

The motion was agreed to.

FIRST READING

Bill T, an Act respecting the Pension Fund Society of the Bank of Montreal.—Hon. Mr. Lemieux.

CANADA–UNITED STATES TRADE AGREEMENT BILL

MOTION FOR SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 13, an Act respecting a certain Trade Agreement between Canada and the United States of America.

He said: Honourable members of the Senate, I must admit that I did not think I should live long enough to have the privilege of introducing such a Bill in this Chamber. I had taken an active part in the elections of 1911 in the endeavour to obtain the country's endorsation of the trade convention of that year. I confess that to this day I have retained a feeling of grievance towards my then opponents, who carried the day and defeated reciprocity, for having rejected the very great advantage that would have accrued to Canada from the expansion of its trade with the United States under such an agreement.

I was very close to public men who had lived under the Reciprocity Treaty of 1854-66, and I had occasion to notice that those who had entered public life prior to Confederation, and had enjoyed the advantages of that treaty, were most ardent in their desire to have it resurrected. That desire was general throughout the country. We had no Western Provinces at the time, and trade with the South was concentrated in Ontario, Quebec and the Maritime Provinces. When I left college in 1879 I failed to notice any general dissent on the question of reciprocity. The Reciprocity Treaty of 1854-66 had brought very great prosperity to Canada. It may be urged that that prosperity was due in part to the fact that the War of Secession had to a considerable extent increased the need of the United States for our products.

That treaty was denounced by the United States in 1866. The reason given was that we had altered our tariff in 1859 and imposed duties on manufactured goods, and so changed the conditions. As a matter of fact, throughout perhaps the whole duration of the treaty, from 1854 to 1866, we sold to the United States nineteen-twentieths of our goods and bought from them one-twentieth of theirs. This was deemed to have been the ground for the denunciation of the treaty; and I think it has been affirmed by historians.

But another reason was advanced for the denunciation: the attitude of the Anglo-Saxon world towards the Northern cause. Was this the result of a lingering rancour in the breasts of Anglo-Saxons at the violent separation of 1775-82? At all events there was an expressed dissatisfaction in the United States at our apparent indifference to the success of the North, although thousands of Canadians had volunteered for service in the Northern army. I have in my time met dozens of men who had been in the Federal forces throughout the war. Hundreds of Canadians were on the pension list of the United States. I recall one who served as Clerk of the Senate for a number of years, Major Samuel E. St. Onge Chapleau, who had enlisted in the Northern army under the name of his mother, St. Onge, and had received promotion and ultimately become a major in the Northern forces. I recall an old friend of mine, a judge of the Superior Court of Montreal, Mr. Justice St. Pierre, who also went through the Civil War. So there had been considerable enlistment of Canadian volunteers in the Federal army. Yet undoubtedly the United States felt that the Anglo-Saxon world had not shown any active sympathy for the Northern cause.

Be that as it may, we were faced with denunciation of the treaty. Sir John A. Macdonald during the whole of his career strove to restore our trade relations with the United States that had prevailed between 1854 and 1866. He sent many a delegation to the United States on that errand, but to no avail.

In 1874 the Mackenzie Government sent Hon. George Brown to Washington. He succeeded in negotiating a treaty, but it was rejected by the United States Senate.

In 1879 Sir John A. Macdonald introduced his National Policy, and, through his Minister of Finance, he inserted in the Customs and Excise Act a standing offer to the United States. It is clause 6 in Chapter 15 of the Statutes of 1879, and runs as follows:

> Any or all of the following articles,—that is to say: animals of all kinds, green fruit, hay, straw, bran, seeds of all kinds, vegetables (including potatoes and other roots), plants, trees and shrubs, coal and coke, salt, hops, wheat, peas and beans, barley, rye, oats, Indian corn, buckwheat and all other grain, flour of wheat and flour of rye, Indian meal and oatmeal, and flour or meal of any other grain, butter, cheese, fish (salted or smoked), lard, tallow, meats (fresh, salted or smoked), and lumber, may be imported into Canada free of duty, or at a less rate of duty than is provided by this Act, upon Proclamation of the Governor in Council, which may be issued whenever it appears to his satisfaction that similar articles from Canada may be imported into the United States free of duty, or at a rate of duty not exceeding that payable on the same under such proclamation when imported into Canada.

This standing offer remained in force until around 1888 or 1889. We had to wait until 1891 to bring the matter squarely before the people of Canada. The United States tariff had been raised to a considerable degree, and the farmers of Ontario, Quebec and the East were suffering greatly as a result. Sir Richard Cartwright, who felt that the United States would never grant us reciprocity in natural products unless there was a large measure of reciprocity in manufactured products, succeeded in having the Liberal party committed to the policy of unrestricted or unlimited reciprocity. Sir John A. Macdonald felt that this brought about a very dangerous situation, for the humour of the old provinces of Ontario and Quebec, and of the Maritimes, seemed to indicate that such a policy, radical as it was, would be adopted. In January of 1891, or thereabouts, Sir John had the House dissolved, stating he had good reason to believe that the Secretary of State of the United States, Mr. Blaine, would be disposed to discuss reciprocity in natural products. An election took place, and Sir John was returned with a majority of fifteen or twenty on the ground that he intended making a proposal to the Washington authorities, in favour of reciprocity in natural products.

Mr. Blaine, however, had not waited for the election, and in a letter which he wrote to a member from Massachusetts or New York State the assertion made by Sir John A. Macdonald was repudiated. Sir John then sent to Washington Sir Charles Tupper, George Eulas Foster, and a third delegate whose name I forget, and before they would be received by Mr. Blaine they had to declare that no offer of reciprocity in natural products had been made. So there was no commitment nor negotiation with respect to reciprocity in 1891.

In 1896 the Laurier Government came into power. In its convention of 1893 it had pledged itself to a lowering of the tariff. The first thing the Government did was to send a delegation to Washington, headed, I believe, by the Minister of Finance, Mr. Fielding. But it was of no avail. When the Laurier Government found that it could make no breach in the wall that had been raised against our goods at the American frontier, it turned towards Great Britain, and although Great Britain had nothing to offer us reciprocally, a preference, which gradually reached 33⅓ per cent, was given to British goods entering this country. The Laurier Government was then executing its promise of reduced tariffs. As a consequence the Americans had to reduce the price of their goods in order to compete with British goods in this country. Besides this, there was a reduction of tariff during the session of 1897.

The next effort was made in 1911. After a meeting with delegates from the United States, at which the question had been grappled with, Sir Wilfrid Laurier declared that there should be no more pilgrimages to Washington; and, if I am not mistaken, it was in 1911 that the United States Government decided to send delegates to Ottawa. Now, on looking at the agreement of 1911 it will be seen that it includes all the items which I have mentioned as being contained in the standing offer made by Sir John A. Macdonald in 1879. But the 1911 convention goes much further; it covers a wider range. Virtually all our natural products are to be found in it.

I was in the gallery of the House of Commons when Mr. Fielding brought in his convention, and I saw an extraordinary spectacle. Mr. Fielding was a master tactician. He was proceeding slowly through the whole gamut of our natural products on which he was obtaining reductions. Members on the opposition side could hardly bide

their time, and one after another kept jumping up to ask whether certain articles in which they were interested came under the treaty. It was acclaimed by both sides of the House. That is what I saw with my own eyes in 1911.

What happened to alter the opinion of the members of the Conservative party at that time? I shall not go deeply into the reasons which actuated them. Of course they used every argument that presented itself against the treaty of 1911. One of the main objections was that the direction of trade would be north and south, whereas our railways had been built to carry goods from west to east and from east to west. Another argument much used at that time—one which was employed by my right honourable friend (Right Hon. Mr. Meighen) with sufficient effect to secure his election to the House of Commons, and which he used for many years afterwards—was that the arrangement was unstable, that it could be annulled at a few months' notice, and thus would be brought about a dislocation of our trade. It was alleged also that such a strong movement of goods between the two countries gave rise to danger of the development of a pro-American movement in Canada.

The first argument, namely, that our railways would suffer by reason of an increase of trade between the United States and Canada, has, I surmise, long since been exploded, because the years during which trade between the United States and Canada was the greatest were the years during which our railway returns were the largest.

The second reason advanced, namely, that an abrupt cancellation would disrupt our trade, was one that I recognized. My right honourable friend said, "If such a convention lasted for ten years, with business moving north and south, just imagine what a calamity it would be for Canada should that movement suddenly stop." I have always realized the danger that results from a dislocation of business, but I would draw my right honourable friend's attention to the fact that in our relations with the United States we have had many a shock from the sudden raising of the American tariff to a very high level. My friends from the West, who have witnessed the loss of their markets through the raising of the American tariff, have felt that jerk and suffered from that loss. So the effect of dislocation, which my right honourable friend predicted as a result of a convention, is something with which we are very familiar.

The third reason, the fear that a movement towards annexation to the United States would result from reciprocal relations with that country, I have always felt to be an insult to our manhood. I never could think for a moment that our hearts would become disloyal, or that we would ship them with our potatoes across the frontier. I would point out to my honourable colleagues that I have never heard of any movement for a change of political status or political allegiance when the people were happy.

Hon. Mr. CASGRAIN: Except in '48.

Hon. Mr. DANDURAND: My honourable friend to my left says, "Except in 1848," but the people were unhappy at that time, for reasons which he knows. It is true that the most prominent names in Montreal—and I am not sure that I should not also say in Toronto—were signed to the annexation proclamation in 1848-49.

Now, these were the three main reasons —if there were others, my right honourable friend (Right Hon. Mr. Meighen) will remember them—which were given for the rejection of the convention of 1911. I do not intend to place on Hansard the extensive list of advantages that Canada would have reaped under that convention. Such a list would whet the appetite of all our rural population. It went far beyond what Sir John A. Macdonald would have accepted under his standing offer, and far beyond the most optimistic aspirations of the country. Yet, there it was. I see on that list: cattle, horses, sheep, swine, poultry, wheat, rye, oats, barley, buckwheat, beans, peas, potatoes, corn, sweet potatoes, yams, turnips, cabbages, onions, all other vegetables in their natural state, fresh fruits, dried fruits, butter, cheese, fresh milk, fresh cream, eggs, honey, garden, field and other seeds, grass seed, flax seed, cotton seed and other oil seeds, hay, straw, and so forth. All that was rejected in 1911. This will explain why I have never felt very friendly—I do not mean in my social or personal relations—towards those responsible for bringing about that rejection. I have always felt some rancour because that extraordinary convention of 1911 had been rejected by my friends of the Conservative party.

The present agreement has a very important preface, which is to be found in the offer of reciprocity made by the late Government, through its Minister at Washington, to the United States Government, under date of November 14, 1934. It contains a general statement as to the economic situation between the two countries. And then the Canadian Minister says:

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

(a) A mutual undertaking to maintain during the lifetime of the agreement the

unrestricted free entry of commodities now on the free list of either country.

I think that has been done under this present convention.

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

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

Right Hon. Mr. MEIGHEN: May I ask the honourable gentleman whether that has been obtained?

Hon. Mr. DANDURAND: Most of that has been obtained.

Right Hon. Mr. MEIGHEN: Oh, just a small fraction.

Hon. Mr. DANDURAND: Most of that has been obtained. My right honourable friend knows that his Government was offering the most-favoured-nation treatment and intermediate tariff.

Right Hon. Mr. MEIGHEN: Yes. But for what?

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

Right Hon. Mr. MEIGHEN: Has it been obtained on lumber, on fish, on milk and cream?

Hon. Mr. DANDURAND: It has been partly.

Right Hon. Mr. MEIGHEN: Partly.

Hon. Mr. DANDURAND: It was totally so in 1911, and the Conservative party refused it.

Right Hon. Mr. MEIGHEN: We are debating this treaty.

Hon. Mr. DANDURAND: But the difficulties of to-day spring from the sins committed in the past, especially in 1911.

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

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

Well, when I read that offer by the gentlemen who in 1911 rejected the Reciprocity Treaty, I felt that circumstances had altered considerably, for the Conservative party had at last gone to Canossa; and I wondered what the eighteen so-called Liberal magnates of Toronto, manoeuvred by Clifford Sifton, must have been thinking of the late Government when, in October, 1935, it was ready to enter into negotiations with the United States not only to exchange natural products but also to reduce the duties on seven hundred articles. Those of the eighteen who have gone beyond must have turned in their graves when they heard that proposal made by their associates of 1911.

The present trade agreement is partly in force, under the authority given by Parliament to the Governor in Council. Under the Trade Agreement Act of the United States the President's treaty-making authority is limited: for instance, the term of any trade agreement must not exceed three years, there can be no tariff reduction beyond 50 per cent, and no dutiable commodities can be put on the free list. It is also the fixed policy of the United States that any trade agreement must be based upon an exchange of most-favoured-nation treatment. The late Government of Canada made its offer of November, 1934, within the framework of that Trade Agreement Act. The present agreement is on the same lines. Considerable work had been done by the officials of the various departments at the instance of the late Government, and this work was utilized by the new Administration and was a help to the present Prime Minister.

Of course, this agreement is nothing like the agreement of 1911.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: That opportunity was missed, and nations, like individuals, often pay for their errors and also for their sins. Our manufacturers opposed the convention of 1911, although for the most

part their interests were not affected. Doubtless to-day they would favour it, but you cannot turn back the wheel of time.

In 1913 I was asked by Sir Wilfrid Laurier to suggest to President Woodrow Wilson, whom I was shortly to meet, that the convention of 1911 be allowed to remain on the Statute Book of the United States, if his tariff policy was in agreement with that convention, because Sir Wilfrid intended to submit it anew to the people of Canada at the next election.

Sir Wilfrid was defeated in 1911 on the reciprocity issue in certain constituencies; in others, particularly in Quebec, the "Laurier Navy" played the major role in favour of his opponents. Now, Sir Wilfrid made an error when in 1911 he advised dissolution. One is always wiser after the event, but I am confident that if he had contented himself with submitting the convention to a referendum, two-thirds of the electorate would have voted for it.

In 1923, at the instance of the late Mr. Fielding, a standing offer to the United States for a trade agreement was placed on the Statute Book, and in 1931 it was enlarged by the Bennett Government.

I realize that both countries may criticize this agreement from various angles, and it is being criticized; but in this country the criticism comes mainly from the official Opposition in the other Chamber. I have yet to hear of any pronounced opposition to the treaty generally throughout the country. That there should be opposition here and there would not surprise me at all. You cannot negotiate such a convention without affecting to some degree certain vested interests that have enjoyed generous tariff protection. A reduction in protection means keener competition, and naturally those vested interests strenuously object to the slightest reduction in tariff.

I draw the attention of this Chamber to the fact that the present Government was to a certain extent hampered by the Ottawa Agreements. It could not, for instance, offer concessions on anthracite coal, Indian corn, canned fruits, dried currants, raisins and other commodities.

We might discuss for days and weeks the advantages or disadvantages of this convention, but it covers such a number of articles that I believe some time must elapse before its effect can be fully understood and appreciated. Our intermediate tariff can be modified by Parliament to permit of reasonable adjustments.

Our general tariff and our intermediate have been raised considerably since 1930; and in many instances there is only a slight margin between them. I am speaking generally. There is, I submit, fair protection under our intermediate tariff against all foreign countries, including countries highly industrialized and having standards of living much below those prevailing in the United States. Since 1930 our people have deemed the tariff too high. It is now brought down somewhat.

This convention, I think, is intended to give advantages to both countries, and it is hoped that if within the next three years this proves to be its effect, it may be broadened in scope.

The agreement safeguards items now on the free list. Some of them were seriously threatened. As our general tariff was operating mainly against the United States, it was an added incentive for them to retaliate. For instance, the newsprint industry, which provides a large volume of our export products, was seriously menaced, for various reasons. The United States have now a two-column tariff. Canada enjoyed the lower rate for a given time. It was to expire on the 1st of January, if I am not mistaken. It has been continued for two or three months. We stood to lose that lower rate if we had no agreement. The most-favoured-nation treatment assures us the lower rate. To show how imminent was that danger, I may point out that Germany withdrew the most-favoured-nation treatment which it had given the United States, and the United States promptly retorted by transferring German goods to the general tariff. This indicates what an incentive there was for the Canadian Government to accept the convention as it is.

It will be noted that the United States have allowed their nationals to take $100 worth of Canadian goods into the United States free of duty. We have reciprocated by allowing Canadians to bring in $100 worth of American goods.

We have also granted the United States the right of transhipment of goods coming from other countries. For a long time the United States have been threatening to retaliate if we did not alter the situation in that respect. It has been established, I believe, that it is to our advantage to give them that concession. They would have secured the same advantage from the granting of the most-favoured-nation treatment, because from the moment they have the benefit of that treatment, ipso facto the stipulation as to direct shipment ceases. The transhipment privileges in this agreement would likewise have been granted to the United States under the offer made by the late Government.

The privileges given to the United States does not apply to our tariff arrangements with Great Britain. In order to secure the benefit of the British preferential rates it is necessary to make direct shipment to our ports.

I wish to place on Hansard an analysis of concessions granted to Canada, based on United States imports from Canada for the calendar year 1929, but before doing so shall give a summary of the main provisions of the treaty.

Article 2 provides for most-favoured-nation treatment in regard to import and export restrictions; in the event of quantitative restrictions, quotas, et cetera, a quantity of restricted goods equivalent to the proportion enjoyed in a previous representative period shall be allocated to the exporting country.

In article 3 Canada fixes maximum rates of duty on imports from the United States in relation to items enumerated in schedule I to the agreement.

In article 4 the United States fixes maximum rates of duty on imports from Canada in relation to items enumerated in schedule II to the agreement.

Under article 5 each country may impose on imports from the other a tax equivalent to any internal tax levied on domestic products of like nature.

Article 6 provides that internal taxes on imported articles shall be no higher than those levied on like articles of national origin or any other foreign origin.

Article 7 provides that no quantitative control shall be applied by either country with respect to the goods of the other, except as specifically provided for in schedules I and II; that regulations for control of markets applied to domestic products shall apply equally to goods imported from the other; that all changes must await thirty days' notice, after which, though no agreement has been reached, change may be made; and that when such action is taken, the other country may, within fifteen days, give thirty days' notice of terminating the entire agreement.

In article 8 each country promises fair and equitable treatment to goods of the other in the event of a national monopoly over any product.

Under article 9, if either country adopts control of exchange, the other will be granted an allotment based on a previous representative period. Sympathetic consideration will be given any representations of the other in this respect.

Under article 10, in the event of a wide variation in exchange rates between the two countries, either may propose modification of the agreement, and failing agreement within thirty days, may terminate the agreement in its entirety on thirty days' notice.

Under article 11, in the event of either country enacting any measure deemed as nullifying or impairing objectives of the agreement, provision is made for friendly negotiation and consideration by a joint committee of experts.

Article 12 provides that the agreement shall not preclude regulation of exports and imports of gold and silver; regulation of trade in arms; and regulation imposed on moral or humanitarian grounds, or designed to protect human, animal or plant life, or relating to prison-made goods, enforcement of police or revenue laws, or unfair or fraudulent practices.

Article 13 provides that only the most-favoured-nation clause of the agreement applies to the Philippines, Virgin Islands, American Samoa, and Guam. None of the concessions apply to the Panama Canal Zone, and the agreement is not to apply to concessions between (1) United States, Cuba, Philippines, the Panama Canal Zone and (2) British Empire countries.

Under article 14, any concession may be withdrawn or subjected to quantitative restriction if through extension to a third country such country obtains the major benefit, and undue increase in importation from such country takes place. Then there is a provision as to how that difficulty may be settled.

The last article of the agreement provides that the agreement shall be ratified by His Majesty.

Accompanying the agreement was a note given to the Secretary of State of the United States by the Canadian chargé d'affaires at Washington, declaring the Canadian Government's intention to amend the Customs Act in certain particulars, as follows.

1. To change the method of determining values for duty purposes to eliminate arbitrary executive interference: (a) value for duty will not include advance for selling cost or profit greater than ordinarily prevails in country of export; (b) discounts shall not operate to increase value for duty purposes beyond ordinary price prevailing at time and place of shipment in ordinary trade; (c) in case of fixed values for duty purposes established under section 43 of the Customs Act there shall be an appeal to the Tariff Board; (d) "class or kind made or produced in Canada" shall mean "in commercial quantities," and adequate notice shall be given of proposal to transfer any goods into this category.

2. Pending legislation, fixed valuations under section 43 of the Customs Act are abolished on twenty specified articles.

3. Canada is to allow Canadian visitors to the United States to bring back incidental purchases up to $100 in value under regulations "substantially equivalent" to those now in effect in the United States with respect to Canada.

I am afraid I am wearying the House. I shall ask leave to place on Hansard an analysis

of concessions granted to Canada, based on United States imports from Canada for the calendar year 1929, and an outline of the principal agricultural concessions granted to Canada. If my right honourable friend does not object to my shortening my remarks, I shall take this means of doing so, and shall pass the statement over to him, so that he may have it before him when speaking on this subject.

ANALYSIS OF CONCESSIONS GRANTED TO CANADA, BASED ON UNITED STATES IMPORTS FROM CANADA, CALENDAR YEAR 1929

Total imports		$503,000,000
†Deduct non-commercial items	$ 38,000,000	
Commercial items		465,000,000
Deduct items where Canada is not principal supplier	78,000,000	
Canada principal supplier		387,000,000
Free of duty (present laws)		253,000,000
Bound by Swedish agreement	16,000,000	
Bound by Canadian agreement	221,000,000	
Not bound	16,000,000	
Dutiable (present laws)		135,000,000
Duties reduced	79,000,000	
Duties bound	9,000,000	
Duties unchanged	47,000,000	

Items of which Canada is principal supplier. (Total value of items on which U.S. policy would permit negotiations.)	$387,000,000
Items directly affected.	308,000,000
Free entry assured.	221,000,000
Items subject of reductions	79,000,000*
Present low rates assured	8,000,000
Items indirectly affected—(upwards of)	16,000,000

Wood pulp (certain kinds of which Canada is not principal supplier) continued free entry assured by Swedish treaty.

Also a number of less important items.

This list will increase as United States signs other bilateral trade treaties.

†Non-commercial items include—

Household personal effects	$ 4,229,000
Articles temporarily imported	1,811,000
Articles returned	16,295,000

*Imports from Canada of articles on which duties were reduced were, in 1929, 94 per cent of the total imports of these commodities from all countries.

OUTLINE OF PRINCIPAL CONCESSIONS GRANTED TO CANADA

AGRICULTURAL PRODUCTS

Live Cattle.—Reduction in duty ranging from 33⅓ per cent to 50 per cent. Most important class, weighing 700 pounds or more, reduction from three cents to two cents per pound up to 155,799 head of cattle. Almost all this quota will be allocated to Canada. Resultant average saving in duty will amount to around $9 per head of cattle. Exports 1929, $9,900,000; in 1934 they had fallen to $4,000.

Calves.—Of less than 175 pounds each, duty lowered from two and one-half cents to one and one-half cents per pound. Quota 51,933.

Dairy Cows.—Reduction in duty from three cents to one and one-half cents per pound. Quota 20,000 head per year.

Cream.—Reduction in duty from 56⅘ cents to 35 cents per gallon. Quota 1,500,000 gallons per year. Exports 1929, $5,000,000; 1934, negligible.

Seed Potatoes.—March to November reduction in duty from 75 cents to 45 cents per hundredweight. Other three months reduction to 60 cents per hundredweight. Quota 750,000 bushels, which is three times current export.

Turnips.—Reduction from 25 cents to 12½ cents per hundredweight. Exports in 1929, nearly $1,000,000.

Clover and Grass Seed.—Fifty per cent reduction on these items. Exports 1929, $2,000,000; 1934, very small.

Maple Sugar.—Reduction from six cents to four cents per pound. Exports in 1929, $2,500,000; 1934, less than $500,000.

Hay.—Reduction from $5 to $3 per ton.

Horses.—Reduction from $30 to $20.

Live Poultry and Dressed Chickens.—Reduction 50 per cent and 40 per cent respectively.

Cheddar Cheese.—Reduction 29 per cent. Exports 1929, nearly $2,000,000; 1934, $140,000.

Apples, Strawberries, Cherries, Peas, Frozen or Canned blueberries.—Duties reduced.

Grains.—Ten per cent ad valorem rate bound on seed wheat and by-products of grain.

FISHERY PRODUCTS

Salmon (Pickled or Salted).—Reduction 25 to 20 per cent ad valorem.

Smoked Herring.—Reduction from 1¼ to ⅝ cents per pound.

Eels.—Reduction from 1 to ½ cent per pound.

Razor Clams (Canned).—Reduction from 23 per cent ad valorem to 15 per cent.

Lobsters and other Shell Fish.—Bound on free list. Exports: 1929, over $3,000,000; 1934, approximately $2,250,000.

Sea Herring and Smelts (Frozen or Fresh).—Bound on free list. Exports: 1929, $1,250,000; 1934, $893,000.

Halibut.—Reduction from 2 to 1 cent per pound. Exports: 1929, $676,000; 1934, $261,000.

Salmon (Fresh or Frozen) and Swordfish.—Reduction from 2 to 1½ cents per pound. Exports: 1929, $659,000; 1934, $719,000.

OUTLINE OF PRINCIPAL CONCESSIONS GRANTED TO CANADA—Concluded

FOREST PRODUCTS

Lumber and Timber.—Fir, Pine, Spruce, Hemlock and Larch.—Reduction in duty from $4 to $2. Quota for Douglas fir and western hemlock, 250,000,000 feet per year. No quantitative limitation on other species. Export in 1929, $38,000,000; 1934, less than $6,000,000.

Maple, Birch and Beach Flooring.—Reduction from 8 per cent ad valorem to 4 per cent. Exports: 1929, $259,000; 1934, $28,000.

Pulpwood (in rolls) for use in the manufacture of Wall Board.—Reduction from 30 per cent ad valorem to 15 per cent.

Shingles.—Bound on free list. Quota 25 per cent United States consumption. Exports: 1929, nearly $7,000,000; 1934, $3,500,000.

Logs, Posts, Ties, Poles, Pickets, et cetera.—Bound on free list. Exports: 1929, $12,000,000; 1934, less than $2,250,000.

MINERAL PRODUCTS

Ferro Manganese.—Reduction from 1⅞ cents to ⅝ cent per pound manganese content. Exports: 1929, $5,600,000; 1934, $250,000.

Ferro Silicon.—Reduction from 2 cents to 1½ cents per pound metallic content. Exports: 1929, $1,193,000; 1934, $168,000.

Lime (n.o.p.).—Reduction from 10 cents to 7 cents per hundredweight. Exports: 1929, approximately $200,000; 1934, $74,000.

Feldspar (Crude).—Reduction from 50 cents to 35 cents per long ton. Exports: 1929, approximately $250,000; 1934, $66,000.

Basic Refractory Material.—Reduction from 30 per cent to 27½ per cent ad valorem. Exports: 1929, $200,000; 1934, $167,000.

Gypsum, Asbestos (Manufactured); Cobalt and Cobalt Ore, Nickel Ore, Matte and Oxide; Crude Artificial Abrasives (n.o.p.).—Bound on free list. Exports: 1929, approximately $14,000,000; 1934, approximately $8,000,000.

MANUFACTURED GOODS

Acetic Acid.—Reduction from 2 cents to 1½ cents per pound. Exports: 1934, $1,846,000.

Ferro Alloys and Synthetic Resins and Acetylene Black.—Reductions in duties ranging from 25 to 50 per cent.

Patent and Harness Leathers.—From 15 per cent and 12½ per cent respectively to 10 per cent. Exports: 1929, over $2,000,000; 1934, negligible.

Pipe Organs.—Reduction from 35 per cent to 25 per cent.

Electric Cooking Stoves and Ranges.—Reduction from 35 per cent to 25 per cent ad valorem.

Sporting Goods.—Reductions ranging from 25 to 50 per cent.

Whiskey (Over Four Years Old).—Reductions from $5 to $2.50 per proof gallon.

Newsprint paper and those classes of wood pulp of which Canada has been the chief supplier to the United States.—Bound to the free list. Exports under this head in 1929 were $167,000,000, and in 1934 approximately $99,000,000.

CONCESSIONS GRANTED TO UNITED STATES ON BASIS OF CANADIAN IMPORTS

It will be noticed that the concessions which have been granted to the United States in most cases involve a very substantial benefit to Canadian producers, because they are on commodities with respect to which there has been for some time past a demand for reduction in duty.

The total imports to which these items have reference amounted in 1930 to $847,000,000, and in 1935 to $304,000,000. There are eighty-six reductions in duties; seventy-nine are bound to the present rates, and 15 are bound to the free list. There are concessions altogether with regard to 180 different commodities.

Concessions granted by Canada are for the most part with respect to a number of individual items, while the concessions granted by the United States to Canada are for the most part on categories rather than on individual items.

Our total imports in 1930 were $847,000,000, and in 1935 they had fallen to $304,000,000. The eighty-six reductions in duty would have affected imports in 1930 amounting to $123,000,000, and in 1935 to $23,000,000. The seventy-nine bound to the present rates would have affected imports amounting to $66,000,000 in 1930, and $21,000,000 in 1935. The fifteen bound to the free list would have affected imports amounting to $62,000,000 in 1930 and $32,000,000 in 1935. In other words, the 180 commodities on which concessions have been granted would have affected imports to the amount of $251,000,000 in 1930, and to the amount of $76,000,000 in 1935.

The figures regarding the value of Canadian imports under various heads are in many cases open to question as a result of the complexity of the Canadian tariff. The figures below, for fiscal years, which were supplied by the Bureau of Statistics, are quoted only to give an approximate idea of the relative value of these items in Canadian import trade.

Agricultural Machinery and Implements.—Reductions in most classes from 25 per cent to 12½ per cent ad valorem. All tractors free. Imports: 1930, over $14,000,000.

Industrial Machinery.—Reductions from 35 per cent to 25 per cent, 20 per cent, 15 per cent, 10 per cent, 5 per cent ad valorem, in the various classes. Certain sub-items of this group placed on free list. Imports: 1930, $35,800,000.

Mining Machinery.—Reduction from 25 per cent to 20 per cent ad valorem. Imports: 1930, $1,900,000.

Logging Machinery.—Reduction from 20 per cent to 15 per cent. Imports: 1930, $1,400,000.

CONCESSIONS GRANTED TO UNITED STATES ON BASIS OF CANADIAN IMPORTS
Concluded

Certain Types of Textile Machinery.—Reduction from 10 per cent to 5 per cent. Imports: 1930, $4,900,000.

Electric Dynamos, Generators, Motors and Parts.—Reduction from 37½ per cent to 30 per cent ad valorem. Imports: 1930, $6,500,000.

Radios and Parts.—Reduction from 30 per cent to 25 per cent ad valorem. Imports: 1930, $10,400,000.

Telephone and Telegraph Apparatus.—Reduction from 30 per cent to 25 per cent ad valorem. Imports: 1930, $3,200,000.

Electric Refrigerators.—Reduction from 40 per cent to 30 per cent ad valorem. Imports: 1930, nearly $2,000,000.

Washing Machines.—Reduction from 35 per cent to 25 per cent ad valorem. Imports: 1930, $1,600,000.

Miscellaneous Manufactures of Iron and Steel.—Reduction from 35 per cent to 25 per cent ad valorem. Imports: 1930, $20,500,000.

Electro Plated Ware.—Reduction from 45 per cent to 30 per cent ad valorem. Imports: 1930, $2,600,000.

Dressed Lumber, including Flooring.—Reduction from 25 per cent to 20 per cent. Rough lumber and lumber dressed on one side—bound on free list. Combined imports: 1930, $11,100,000.

Manufactures of Wood (n.o.p.).—Reduction from 25 per cent to 20 per cent ad valorem. Imports: 1930, $3,600,000.

Miscellaneous Manufactures of Paper.—Reduction from 35 per cent to 30 per cent ad valorem. Imports: 1930, $3,100,000.

Paper (n.o.p.).—Reduction from 35 per cent to 30 per cent. Imports: 1930, $2,000,000.

Fertilizers, Certain Types of Glass, Building Brick and Stone, Motorcycles, Certain Classes of Toys and Musical Instruments.—Various reductions.

Magazines.—Former duty up to 15 cents per copy. Placed on free list. Magazines would be on the free list under most-favoured-nation treatment. Are protected under general tariff only. Come in free of duty under intermediate tariff.

Enamel Hollow Ware, Cooking and Heating Apparatus, Kitchen Ware.—Various reductions.

Under the intermediate tariff the United States obtains reductions on some seven hundred items; she also obtains the minimum she could expect from a trade agreement with Canada. The Canadian note of November 14, 1934, bears that out. Canada will benefit from such reductions of duty as the United States may grant to other countries, through the most-favoured-nation clause. She enjoys the benefit of a reduced duty on 86 items below the intermediate rate, and has received reductions in respect to 63 items of the United States tariff in addition to the stabilization of 21 items on the free list.

Unfortunately, because of low prices and depressed conditions in the United States, we were unable to obtain concessions on codfish and table potatoes.

We were not able to obtain concessions on grain, because the United States is still an exporter and fears the effect of a reduction on prices in its own markets. Even a fifty per cent reduction in existing duties would have conferred no benefit upon our grain growers. We shall have to await the time when the United States becomes an importer. A gentleman who has had considerable to do with matters governing the whole movement of wheat in Canada expressed to me, some three years ago, the opinion that the Northwest should not limit the production of wheat, but on the contrary should increase it, because within five years the United States would be an importing nation. At the time I was not as optimistic as he was, and I am awaiting the completion of the five years to see whether he was right or wrong.

In this convention we have stablilized the moderate rates of duty charged on our low-grade wheat and by-products of grain, considerable quantities of which have been sold in the United States.

The agreement by the United States to maintain on the free list 21 items of importance to Canadian trade is most valuable. It assures Canadian importers that their trade will not be interfered with.

The items on which reductions appear below the intermediate tariff were carefully selected so as to benefit the Canadian consumer without injuring Canadian industry. The agreement, I believe, will make for an expansion of trade. Canadian industries are on a better competitive basis by reason of reduced rates on machinery and implements of production. Canada retains her freedom to adjust the rates of the intermediate tariff on all items not included in schedule 1 of the agreement. This schedule comprises 180 items—less than 13 per cent of the total number of items in the Canadian tariff. In the case of 86 items the reductions are below our intermediate rates of duty, and in the case of 94 items the existing intermediate rate is maintained, and cannot be altered, during the term of the agreement. Our anti-dumping provisions are still in effect as far as values for duty are concerned. The com-

mitments of Canada to the United States are chiefly for the purpose of eliminating arbitrary executive interference with the normal course of trade. Abnormal situations can be fully met by our Anti-dumping Act.

As I have stated in the course of my remarks, the convention can be assailed from various angles. We have before us the offer of the late Government to negotiate on certain lines. If every item mentioned in its offer is examined in the light of what has now been secured, it will be found that we have fairly adhered to the line which the late Government was taking. It naturally was asking the maximum it could hope to attain, and was offering, perhaps, a little less than it expected to have to give. That is natural in all bargaining. When you are about to bargain with a foreign country you do not ask for less than you hope to get. The first months of the application of this treaty have not shown that Canada has the worse of the agreement. What will happen to-morrow or the day after, it is difficult to say. We must test the agreement by applying it. It is my hope that the two countries will find it mutually advantageous.

Right Hon. ARTHUR MEIGHEN: Honourable senators, the treaty which is sought to be ratified by this Bill may be a good treaty or a poor one. If it is a poor treaty it should be defeated; but, obviously, the place where it should be defeated is not this House, the second Chamber of our legislative organization. Throughout the history of our country we have always regarded matters of tariff and of taxation as subjects peculiarly within the determination of the direct and elected representatives of the people. Though we have asserted, and in my judgment have been undoubtedly within our legal right in asserting, that our power is unlimited with respect to all such matters, except as to their initiation, still we do not feel it at all appropriate that we should be a determining body as to any measure within these two spheres. Therefore I myself shall not vote against this Bill, and I shall not ask any others here who feel as I do about it to vote in the negative.

I want, though, to discuss the measure, because for all purposes it is wise that we understand it and come to some conclusions as to its likely result. So I shall endeavour to deal with it briefly this afternoon, at the same time admitting that the very short period within which I have been able to study the subject has not been sufficient to make me certain of my facts as to the manifold details of the treaty. In this connection I ask that if I err at any point I be corrected by the honourable senator opposite (Hon. Mr. Dandurand), who, I know, has lived with this particular treaty much longer than I, and is more thoroughly familiar with its details.

We all, I believe, can cordially say we like the direction in which the treaty moves.

Hon. Mr. CALDER: Hear, hear.

Right Hon. Mr. MEIGHEN: I think that the world, driven by intense nationalism, one of the products of the War, has tended to go much too far in the way of trade restrictions, and that we are disposed, all of us, to look with favour upon practical efforts to bring about reductions in tariffs, no matter between what countries arrangements may be made. Nor will I admit that this is not in every way consistent with the historic policy and tradition of the party with which, when in more active public life, I was associated.

I would add this. We have always felt that in respect of our trade relations with the United States it was necessary to exercise a greater degree of caution, to look farther into the future, than in respect of our trade relations with any other country. The reasons for that feeling are these. The United States is a mighty nation, in population more than twelve times the size of Canada. It is a nation which as a commercial organization is in every respect parallel to ours. It produces what we produce, it sells what we sell, and to a large extent it buys what we buy. But the proportion of Canada's trade affected by any reciprocal arrangement is of necessity enormously greater than the proportion of United States trade affected by the same arrangement. The impact of a treaty or of its denunciation upon us is relatively heavier, and the results which follow a disturbance of trade relations between the two countries are vastly more serious for Canada. The proportion of United States trade affected by such a dislocation is negligible, while in our case the proportion is immense and vital. For these reasons, and because of the history of our trade relations, we require to be especially careful as to the consequences and duration of any arrangement we make.

In the spirit of these axioms I approach a discussion of this treaty. The honourable senator who has just sat down proceeds upon the hypothesis that reciprocity with the United States is something sweet and beautiful and palatable to all on his side of the House, but invariably unpalatable and very ugly to all on this side. He assumes that reciprocity, no matter what may be the substance making up the actual facts to which that name is

given, is always good, and he goes on to laud the treaty—with faint praise, it is true, relative to that expressed for others which have gone before—simply because this, like its predecessors, is denominated "reciprocity." Well, if one is in favour of vivisection it does not follow that one wants the whole human race vivisected. If one is not opposed to the use of anaesthetics, it does not mean that one feels we all ought to be anaesthetized all the time. Reciprocity may be good, well designed and well executed, or it may be bad, ill designed and ill executed.

The honourable gentleman refers to the treaty of 1854-66, which was suddenly terminated by our great neighbour, undoubtedly to our dismay at the time; and he thinks because that termination made us sorry we must always be eager for any kind of reciprocity, with any country, for all time to come.

Hon. Mr. DANDURAND: The men of that time were under that impression.

Right Hon. Mr. MEIGHEN: Likely the honourable gentleman would have been in favour of that treaty, and I might have been. But reciprocity suitable to that time may not be wise to-day. Then this country was simply producing natural products. We had hardly any industrial organization at all. In this whole Dominion we had scarcely an area worthy of the name of a fruit area.

Hon. Mr. CALDER: Nor were we exporting potash.

Right Hon. Mr. MEIGHEN: We were producers of simple natural products in huge quantities, and a stoppage of the market which had been established in those products shook this country to its centre and threatened the very future of this Dominion. When that occurred, while we were at all times ready to try to restore the treaty, we set about adjusting ourselves to conditions which were forced upon us, and the result of our efforts over sixty to eighty years is something of which every Canadian is proud. We are no longer simply a country producing natural products; we are no longer mere sellers of wheat and of raw results of human labour. We are producers of almost every manufacture known on the North American continent. Canada is a tremendous industrial country; smaller, it is true, than our great neighbour, yet a big exporter to the markets of the world. Now we have fruit areas and vegetable areas of vital importance to this Dominion.

This was more or less our position in 1911, and it was because of the progress we had made, because of the growth of this country to the stature of nationhood in every sense, that we examined closely and critically the reciprocity proposal of that time. We found that while there was much we were obtaining under that proposal, we were giving away vastly more. We found that a great section of the southern part of the province of Ontario would have been desolated, as would have been a large section of the province of British Columbia—yea, and of the province of Nova Scotia—by the mere provision that fruit was to be admitted free. Here we were, with our fruits maturing two, three or four weeks later than the fruits of the United States, and we had sent word to that country that we would bind ourselves under the treaty to let our markets be flooded with American fruits during those two, three or four weeks, to the obvious and inevitable destruction of a great industry which was supporting vast numbers of our people. The honourable senator opposite told us not long ago that he would vote for that, if it came before him.

Hon. Mr. DANDURAND: I would vote for the 1911 convention.

Right Hon. Mr. MEIGHEN: That he would vote for free admission of American fruit. He would not go to British Columbia and say so.

Hon. Mr. DANDURAND: I would vote for the whole convention of 1911.

Right Hon. Mr. MEIGHEN: He would not go to southern Ontario and say so, nor to the Annapolis Valley in Nova Scotia.

Hon. Mr. DANDURAND: Hon. Mr. Fielding was in favour of it.

Right Hon. Mr. MEIGHEN: That treaty was defeated and cancelled, not merely by the Conservative party, but by an enormous majority of the people of Canada. The honourable gentleman likes to revert to that 1911 arrangement and to lament the disaster which he feels Canada suffered by its defeat. He apparently thinks it might have been in full effect to-day. About two years after the treaty was defeated our West, which in the main was in favour of it, was craving for it, at least in part; and the part which the West especially favoured was that providing for free admission of its wheat into the United States. That country placed upon its Statute Book a standing offer to admit our wheat and flour free of duty if we would give the same treatment to such products from the United States. We took up the offer, but the ink was not dry on our statute when the American Government cancelled the whole arrangement. Does the honourable gentleman remember that? We have not heard anything about free wheat for nearly twenty years.

Though I do not like to assume the rôle of prophet, even in the most humble degree, I must say that I shall not be very much surprised if this treaty has a rather short and sorrowful existence. In fact I see signs of a dying struggle commencing already. One of the fifty per cent reductions we do get under this treaty is on distilled liquors. By reason of policies in vogue in Canada for decades gone by, we have tremendous quantities of unused, cured, thoroughly seasoned liquors, the value of which runs into scores of millions, and it is well worth while trying to arrange a market for these in the country to the south, if we can do it. This treaty does contain an item with respect to distilled liquors, but I wish the honourable senator who has just sat down had told us some of the inside facts about what is taking place to-day. He knows them. He knows that responsible officials of that country have made regulations which when operative—and they are all but in effect now—will just wipe out that whole advantage.

One of those regulations stipulates that any citizens of this country who are to benefit by that phase of the treaty, instead of submitting their conduct in Canada to the jurisdiction of our own courts, must submit it to the jurisdiction of United States courts. Why did the honourable senator not tell us where his Government stands on that? Is it going to yield? And if it does not yield, what will be the consequences? It is likely, at all events there is a danger, that our first experience in respect of this measure will be the very same sort of experience we had in respect of free wheat and flour.

The honourable senator says, "In making this treaty we followed the plan suggested by the late Prime Minister, the Right Honourable Mr. Bennett. He made an offer, and we have concluded a treaty along the same lines. Therefore you should not complain about it. Your mouths are closed, because you were ready to do the same thing." I put one question to him. He said Mr. Bennett offered to give the intermediate tariff and most-favoured-nation treatment to the United States in return for certain things. All he read was this—I do not know how much more there was; I have not the letter before me—that it was to be in return for the exercise by the President of the power to reduce by fifty per cent the duties on certain natural products of Canada; inter alia, merely by way of example, on four or five classes of goods. They were: lumber, fish, potatoes, milk and cream, and live cattle. I asked him if the consideration had been obtained even in respect of those few suggested classes named in Mr. Bennett's proposal, and he said, "Partly." That is to say, we got a part of what was to be our share of the bargain if Mr. Bennett's offer had gone through. I tell my honourable friend we did not get that share in respect of a single one of those four or five classes. We came nearest to getting it in relation to lumber. There is no denying that we derive advantages with respect to lumber, but we do not get what was stipulated for by Mr. Bennett. On some classifications of lumber there is to be a reduction of fifty per cent in duty, but this is accompanied by a new provision, something which was not required before, that our exports must not exceed a certain amount in one year. So I repeat that with respect to lumber we are not obtaining the consideration for which Mr. Bennett stipulated.

Hon. Mr. DANDURAND: British Columbia seems very happy.

Right Hon. Mr. MEIGHEN: British Columbia gets benefits in respect of lumber, no doubt, but I am arguing as to whether we got what Mr. Bennett stipulated. We did not. The honourable gentleman's leader went to Washington and soon convinced the occupant of the White House that he was ready to sign anything, and in a very short time he came back with a treaty. The Government feels that because it can write the appellation "reciprocity" across it, the treaty must be good. I cannot congratulate the honourable senator, nor can I congratulate his leader on being a master of trade agreements. I do not think he has made a single successful trade agreement in his political career. There are things at which he is good, but trade agreements are not included among them.

Now, in respect to fish, I should like to appeal to honourable senators from either coast, British Columbia or the Maritimes. Have we got very much benefit here in respect to fish?

Hon. Mr. MACDONALD (Richmond-West Cape Breton): No.

Right Hon. Mr. MEIGHEN: There is something of value to British Columbia: there is a reduction in the rates on halibut, which would be beneficial to that province. But I venture to say there is not a representative of any fish-producing province in Canada who will assert that the treaty contains anything of real value to the fishing industry of the Maritime Provinces. Is there a reduction of fifty per cent in the duty on cod shipped into the United States? That would be something worth while, but it is not there. There is nothing about coal at all.

I will tell my honourable friend something which is in the treaty: there is a reduction from two cents to one cent in the duty on halibut shipped from the United States into Canada. I do not think there were any considerable imports when the duty was two cents a pound, but I am not so confident there will be none under this lower duty.

In respect of fish there is little of value to Canada. There is something, but it is not fifty per cent anywhere, and it applies only to one section of our country.

Now we come to fruit. Do we get the fifty per cent reduction which the President himself has power to implement in respect of fruits sent from Canada to the United States? We do not. I do not think we get it anywhere. I am not sure whether we get it on cherries, and if not, we do not get it anywhere. We get from 25 to 15 cents on apples. Is that any good? In forty-one of the forty-seven states of the American Union apples are grown in commercial quantities —practically every variety of apple we can grow. Can we ship across the line apples matured later than theirs, against a duty of 15 cents?

Now, what do we give them? We make very serious concessions in respect of fruit. I do not know that they are so serious if the Government maintains the policy of the late Administration as regards valuation, but if it does not they are very serious. What was that policy? It was a policy built upon section 43, I think it is, which enables the Minister of Inland Revenue, with the approval of the Governor in Council, to fix valuations on fruit and to vary them one season as against another. We all remember how that so-called "vicious" section was reviled by our friends opposite, throughout this Dominion. The wounding finger of scorn was pointed at it on every platform. It was heralded as the great example of autocracy and denial of democratic rights which characterized the late Administration. It was pictured as the very insignia of autocracy itself, and thundered against on every platform. I tell the honourable member that unless the section is maintained in virtually its full effect, he has made disastrous concessions in respect of fruit. I am not very much afraid that the Government will not maintain the section. They are very different men in office from what they are out of office.

Right Hon. Mr. GRAHAM: Most persons are.

Right Hon. Mr. MEIGHEN: The right honourable member ought to know; he has been both in and out.

Right Hon. Mr. GRAHAM: Several times.

Right Hon. Mr. MEIGHEN: We have here the finest illustration of political consistency I have ever seen in my political life. This clause, reviled by one and all of our friends opposite, damned in their press from end to end of Canada, is specifically preserved in every schedule of the fruit list; and they say it may be exercised to the extent of 80 per cent of its average height in any year back, I think, to 1931. Valuations for duty purposes may be raised so long as they do not exceed 80 per cent of the average as fixed under this heinous clause. So all my honourable friends really meant in that campaign of revilement and abuse was that our conduct in fixing valuations was all right if we had only fixed them as high as 80 per cent. What I would advise honourable members opposite to do in this regard is just to follow in the footsteps of the late Government with the utmost punctiliousness. If they do they will not get very far wrong. They can follow up only to 80 per cent under this legislation, but that is closer than they are going to get in any other respect. They will be 80 per cent right anyway. I would warn them not to delay the imposition of what they call "artificial valuations," which they have undertaken to preserve. Let them not defer until United States fruit is coming in. Those valuations should be imposed at least four weeks before our fruit matures. If they do not follow in the footsteps of the late Administration to that extent, then by this treaty they will have dealt a disastrous blow to our fruit industry.

We have given a great deal. We have not got from the United States very much in return. They were exceedingly frugal in their concessions. I do not know that it is an argument against a treaty to say that we have given more than we have got. The only argument which would prevail with me would be an argument showing that the balance of value is on the right side for us. Although the balance of value might be greater for them than for us, this would not necessarily imply that the treaty is not good. If the gain to us is greater than our loss, then of course the treaty is good for Canada.

The honourable member says time will tell whether the treaty is good or bad. I am happy that time is to be allowed to tell. I am happy there are to be three years in which we may measure the wisdom and expectations of honourable gentlemen opposite. I am glad this agreement will not be defeated. I am glad they will have no opportunity to shed salt tears and lament its defeat. I am glad the agreement is to be measured by the sure guide of results and fruits.

I ask honourable members now to watch the operation of this treaty. I ask them particularly to descry how many of the vast army of unemployed in this country it puts back to work. The burden of unemployment grows upon our backs. It is the major difficulty which confronts our country. It is a baffling and terrible one. Does the honourable member seriously think he is stepping forward the breadth of a hair to solve it by this treaty? I venture to tell him that in respect of this problem he is stepping backwards and his difficulties will be greater than they were before. Already there are industries which are suffering, and as to which concessions have been asked. There are men on the streets who had work before the treaty came into effect. Already the army on relief has increased because of it, and I do not know that we have witnessed any good results to speak of. The honourable member says the effect of the treaty has been all right so far. Well, I have not the latest figures. Perhaps the honourable member could furnish them to me.

Hon. Mr. DANDURAND: What figures?

Right Hon. Mr. MEIGHEN: Figures showing the results in respect of our trade with the United States since the treaty went into effect, the 1st of January. United States exports diminished over the whole world in January as compared with December. Their world exports in December were $223,555,000; in January, after this treaty was in effect, they diminished to $197,958,000—a drop of about $25,000,000. But will the honourable member note this? While the world exports of the United States were dropping, immediately after this treaty went into effect their exports to Canada began to rise. They were for January $26,990,000 as against $21,760,000 in December—an increase of $5,230,000.

Hon. Mr. DANDURAND: What about our exports?

Right Hon. Mr. MEIGHEN: Then we come to our exports. The honourable member did not know I had them.

Hon. Mr. DANDURAND: Oh, yes.

Right Hon. Mr. MEIGHEN: In December we sold to the United States $26,937,000 worth. In January, after the treaty went into effect, we sold them $22,934,000. So in a declining world export trade the United States' sales to Canada went up. In the same period our sales to the United States went down. I have not statistics beyond the end of January. I should be surprised if that disparity continued, at least with the same intensity; but up to that time there is no indication of any service done to us under this treaty. There is a warning which perhaps we had better reflect on once more.

Hon. Mr. DANDURAND: I may say that our increase of exports to the United States for last February was practically double.

Right Hon. Mr. MEIGHEN: Double of what?

Hon. Mr. DANDURAND: Our increase was double that of the United States.

Right Hon. Mr. MEIGHEN: Our increase of exports to them in February was double their increase to us?

Hon. Mr. DANDURAND: I say so, speaking from memory.

Right Hon. Mr. MEIGHEN: I do not think so. I know the honourable member believes he is telling me the fact, but I cannot believe he is correct. However, we shall have the figures later. But certainly that did not apply to the month of January; the very contrary applied.

I have stated these things, honourable members, merely to impress upon the House that reciprocity is just of the same nature as any other bargain between man and man. It may be skilfully, ably and fairly executed; it may be poorly completed and poorly handled. The bargain may be good, it may be bad. Certainly we all hope the bargain is good. Undoubtedly it would be far better for this world if we had a universal levelling down of tariffs. But to think that Canada an export country, Canada a young country, Canada a debtor country, can itself lead the world and take responsibility of leadership on itself—such a thought is pure fantasy. We have to be careful in bargains, though they be in the right direction, for they may in themselves be disastrous. It is all a matter of the terms.

Hon. Mr. DANDURAND: I desire to tell my right honourable friend that our exports to the United States in February, 1936, showed an increase of $3,258,000, as compared with $1,991,000 in the same month a year ago.

Right Hon. Mr. MEIGHEN: That has nothing to do with the question. What I want to know is, how does our increase or decrease in exports to the United States, whichever it is, compare with United States' exports to us since the treaty went into effect. That is the only way to judge the treaty.

Hon. J. J. DONNELLY: Honourable members, this trade agreement has been considered at great length on the other side of the Parliament Buildings, and we have had two very good speeches on it in this House to-day. I rise only to refer briefly to some features of the agreement as they affect that portion of Ontario from which I come.

Most people will remember that when this agreement was made the newspapers supporting the Government carried large streamers telling about the great increase that would follow in the price of cattle, and the consequent amount of money that live stock producers would receive under the new treaty.

In Ontario we never before had such a crop of grain and hay as we had last year. As a result of propaganda virtually all the farmers bought stockers at high prices last fall and fed them their grain and hay. When they place those stockers on the market this spring, unless live stock prices increase in the meantime, they will, in my opinion, be unable to realize much more than the money they borrowed from the banks to purchase the stock.

I may say the duty on live cattle was reduced from three to two cents a pound, and our stock producers were led to believe that they would realize that difference of one cent a pound. The honourable leader of the Government in this House (Hon. Mr. Dandurand) has spoken very eloquently of the treaty. Well, what the live stock dealers are most concerned about is the increased size of the cheque they will get when their stock goes on the market.

I took the trouble to-day to look over the files of the Toronto Globe of March 26, 1935, and I made a few extracts from the live stock market report for the week of last year corresponding to the week we are now passing through. These are the extracts:

> Choice weighty steers closed $6.75 to $7.50 per 100 pounds; butchers, $4 to $6 per 100 pounds; good cows, $3.75 to $4.75 per 100 pounds.
>
> Representative sales were given as follows:
> 15 steers 1,290 pounds, $7.50 per 100 pounds.
> 2 steers 1,195 pounds, $6.75 per 100 pounds.
> 27 steers 1,170 pounds, $6.50 per 100 pounds.

I also made extracts from the live stock market report of the Globe of yesterday, as follows:

> Choice weighty steers closed $4.50 to $6 per 100 pounds, with choice heavies up to $6.50; butchers, $4 to $5.25 per 100 pounds; good cows, $3.25 to $3.50 per 100 pounds.
>
> Representative sales were given as follows:
> 13 steers, 1,720 pounds, $6.25 per 100 pounds.
> 27 steers, 1,250 pounds, $5.50 per 100 pounds.
> 25 steers, 1,100 pounds, $5.25 per 100 pounds.

It will be found by going through these figures that the price of cattle to-day is practically $1 per hundred pounds less than it was a year ago this week.

Hon. Mr. LYNCH-STAUNTON: Less than it was?

Hon. Mr. DONNELLY: Yes. I am in both cases quoting the live stock market report of the Toronto Globe. That loss is a matter of much concern to the live stock producers. I am very sorry to observe this reduction, for I should like to see the price of cattle going up. We all believed we were going to make money out of cattle. I think certain of our people are to some extent responsible for the decline. I noticed about the 1st of January, according to the Press in certain parts of the Dominion, one train-load or more of cattle was ready to be shipped to the Chicago market just as soon as the trade agreement took effect. Now, the business ethics of a country are just the same as those of an individual. I have always noticed that a successful business man never broadcasts what he is going to do, but lets somebody else tell what he has done. That news reached the Chicago market. I believe it had a depressing effect, and that market has been dropping ever since. It is really on account of the drop in prices in the American markets that live stock prices in Toronto are so low at the present time.

There is another feature of the treaty which affects that part of Ontario from which I come. Outside the cities our people are largely interested in agriculture and manufacturing. Perhaps the principal manufacturing industry in Western Ontario is furniture. I take that portion of the province from Kitchener and Stratford north, where you will find furniture factories dotted all over the country. As a result of this treaty the duty on furniture has been dropped from 45 per cent to 27½ per cent. I do not pretend that high-class furniture is selling any cheaper in the United States than it is in this country, but there is a cheap class of furniture manufactured in the Southern States, where labour is cheap and the cost of putting up factories is very low. Our American friends have at all times made a practice of sending their surplus production in here rather than break their market at home.

When I refer to the furniture manufacturers of Western Ontario I speak of something of which I have a personal knowledge, because as a lumberman I have done considerable business with them. I may say that practically all the furniture manufacturers

were in good financial condition till about 1929 or 1930, after which time, largely for patriotic reasons and because of loyalty to their employees and a desire to maintain their organizations, they continued to carry on, although they might not have done so if they had followed sound business principles. By carrying on they gave employment to many people who otherwise would have been listed among the unemployed. The result to-day is that in many cases the financial condition of these manufacturers is not, I am sorry to say, all that could be desired.

This treaty, as I have said, reduces the duty on furniture from 45 per cent to 27½ per cent. I have here some figures which show the value of furniture imported from the United States during the first two months of the years 1935 and 1936. In January and February of 1935 the value of the total imports of furniture manufactured from wood amounted to $38,663; in 1936 it amounted to $90,515. There is also a quantity of metal furniture imported. In January and February of 1935 the value of metal furniture imported from the United States amounted to $23,794; in the same months of 1936 it amounted to $40,412. The total value of furniture, both wood and metal, imported from the United States during January and February of 1935 was $62,457, whereas during the two corresponding months of 1936 it amounted to $130,927—an increase of $68,470. This is not a large amount, but the furniture manufacturers say that just now the Americans are only sending in samples, and that the country is being overrun by American travellers and a very great increase of American furniture may be expected. I mention this in the hope that when the Government brings down its budget there may be some change in the duty. I ask the honourable gentleman who leads this House (Hon. Mr. Dandurand) to take note of this matter, and to bring it to the attention of the Government, for I should be very pleased to see the furniture manufacturers of this country placed in a better position than they occupy at the present time.

Hon. F. B. BLACK: Honourable senators, I should like to make some comment on this trade agreement. It is not particularly critical, but still I think it has some relation to the community from which I come. I do not wish to proceed at this hour, however, and would therefore move the adjournment of the debate.

The motion was agreed to, and the debate was adjourned.

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

THE SENATE

Thursday, March 26, 1936.

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

Prayers and routine proceedings.

TORONTO HARBOUR COMMISSIONERS BILL

REPORT OF COMMITTEE

Right Hon. GEORGE P. GRAHAM presented the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill 12, an Act respecting the Toronto Harbour Commissioners, and moved concurrence therein.

He said: Honourable members, I might explain that the amendment is merely a change in phraseology to accomplish more clearly the purpose of the Bill.

The motion was agreed to.

BRITISH COLUMBIA SALMON HATCHERIES

INQUIRY

On the notice of discussion and inquiry by Hon. Mr. Taylor:

That he will call attention to a report in the British Columbia Press that "advice has been received from Ottawa by Major J. A. Motherwell, Chief Supervisor of Fisheries for British Columbia, that the salmon hatcheries are to be closed as soon as they are emptied of their contents this spring," and will inquire:

1. Is this intended as permanent or indefinite closing, or is it merely temporary?

2. How many hatcheries are included in this advice, and what is their ordinary capacity for hatching eggs?

3. Has the Biological Board made any recommendation in this matter? (b) If so, by what members and to what effect?

4. How many employees will be displaced by such closing? How many temporary and how many permanent?

5. If any are entitled to superannuation because of retirement, how many? And what will be the superannuation allowance?

6. What, if any, effect will this closing have upon the Sockeye Treaty at present awaiting action by the Senate at Washington?

Hon. Mr. DANDURAND: I have an answer for the honourable gentleman. It is as follows:

1. The closing of the sockeye salmon hatcheries is of a permanent nature.

2. The annual average quantity of eggs handled in all these hatcheries during the past four years was 78,000,000. Nine sockeye salmon hatcheries are included.

3. Yes. By the Board as a whole. Its conclusion was as follows: "On the whole it may reasonably be concluded that in an area such as Cultus Lake, where a natural run of sockeye occurs with a reasonable expectancy of successful spawning, artificial propagation for purposes of continuing the run to that area is unnecessary, and, if producing any additional results over natural spawning, these would not appear to be in any way commensurate with the cost."

4. Twenty-eight employees will be displaced, of whom eighteen are permanent and ten temporary.

5. Eight are entitled to superannuation and ten to a retiring allowance. The amount each will receive will depend on his length of service when retirement is effected.

6. None.

GOVERNMENT ANNUITIES

APPOINTMENT OF SPECIAL COMMITTEE

Hon. F. B. BLACK moved:

That a special committee be appointed to consider and report upon the operation of the Government Annuities Act, being chapter seven of the Revised Statutes of Canada, and to make recommendations with respect to the desirability of extending or curtailing such operation; with power to send for persons, papers and records.

He said: Honourable senators, I desire to call attention to some pertinent facts which I consider important to Canada and of particular interest to the Senate, which has always taken a great interest in Dominion annuity legislation. The original Annuities Act, passed in 1908, was fathered in this House by Sir Richard Cartwright. It permitted of the issue of annuities up to an amount of $5,000 each annually. In 1931 legislation was passed reducing the amount to $1,200. That the Act was a good one for the Government of Canada, and was a wise provision for those people who desired and were able to take advantage of it, is, I think, obvious. While money was costing Canada from 4½ per cent to 6 per cent it was good business for our own citizens to deposit their money with the Government, and for the Government to take care of it for them and give them an annuity or a lump sum later on; but as the value of money went down conditions rapidly changed, and to-day they are entirely different. The result of the activities under this legislation for the first twenty-five years was that small amounts were taken out, at first totalling less than a million a year, but later increasing to $2,000,000 annually. I do not want to weary the House with figures, but shall give just a few to show what I have in mind. In 1931-32 there were taken out in annuities $4,194,000.

Hon. Mr. GRIESBACH: What does the honourable gentleman mean by "taken out in annuities?" Is that the amount of the annuities or the amount of premiums paid in?

Hon. Mr. BLACK: The amount subscribed to.

Hon. Mr. GRIESBACH: Still I am in doubt. Is that the total of premiums?

Hon. Mr. BLACK: No. That is the total amount of the annuities bought in the year.

Hon. Mr. GRIESBACH: The total amount paid in came to what?

Hon. Mr. DANDURAND: These figures are not the amounts paid in.

Hon. Mr. BLACK: The total amount of the annuities bought in 1932-33 was $3,547,000, and the next year, 1933-34, it increased to $7,071,000. Honourable members will see that as available investments bringing in a higher rate of interest became less numerous, these annuities grew more popular. Coming to the year 1934-35, that is, the last fiscal year, we find that the total annuities purchased amounted to $13,376,000. For the first ten months of the present fiscal year there were issued annuities of a total value of $15,879,000. In the month of February alone, that is, the eleventh month of the present fiscal year, more than $2,000,000 worth of annuities were sold, and at the present time there are enough applications in to make it clear that by the 31st of March there will have been sold in this fiscal year alone more than $20,000,000 worth of annuities.

These figures clearly indicate that Government annuities have become a very attractive investment. People are wise to buy them, because, so far as I know, there is nothing that is so safe. But the point has now been reached where the money paid in is costing Canada too much. Originally the annuities were based upon an actuarial table which showed that the money would cost Canada four per cent. But actuarial tables of thirty-odd years ago differ from those used by insurance companies at the present time, and the fact is that this money paid in by purchasers of annuities costs Canada 4·4 per cent in interest alone. In addition there is the overhead expense, which has averaged $200,000 annually. For the first few years the carrying charges represented a fairly high percentage in comparison with the amount of annuities sold, but now that the sale has reached

$20,000,000 a year the percentage of overhead is small. The total cost to Canada for this money to-day is practically four and half per cent. But, as we all know, we can borrow money now much more cheaply than that. Therefore it is greatly in the interest of the Dominion of Canada to revise and revamp this whole scheme, for we cannot afford to pay four and a half per cent for money when we can borrow on the markets of the world at one and a half to two and a half per cent.

When this scheme was introduced the object was to make annuities available to people in moderate circumstances, who might not be able otherwise to lay aside enough to take care of themselves in old age. In other words, an annuity was looked upon as a form of old age pension. But if honourable members had an opportunity to examine the list of persons who have been applying for annuities in the last eighteen months they would find the applicants are by no means people who are likely to need old age pensions. On the contrary, they are people who can afford to buy incomes for themselves, and in some cases for their wives and children. As I have already said, an annuity is one of the best investments obtainable; so people cannot be blamed for purchasing them; but that is an additional reason why the Dominion of Canada should not continue the scheme as it is. The Government should not be paying people a much higher rate of interest than they could get on their money elsewhere. Since we can borrow money on the market at from one and a half to two and a half per cent, the money we are receiving from the sale of annuities is costing us from two to three per cent more, for, as I have already stated, the total cost, including overhead, comes to about four and one-half per cent.

These, honourable senators, are the salient reasons why I think we should give some consideration to this whole matter of Government annuities. Two years ago a Special Committee of the Senate on Public Accounts inquired into the subject. I was a member of that committee, which, after having heard two officials of the Annuities Branch of the Department of Labour and giving considerable study to the question, brought in its report on June 14, 1934. The other day I was looking over a copy of the proceedings and noticed two questions that I had asked Mr. Blackadar, the Superintendent of Annuities. One was as to whether annuities were exempt from Dominion income tax, and the answer was "Yes." That answer is a still further explanation of why the annuities are such an excellent investment, and it shows an additional reason why it would be well for a parliamentary committee, of one House or the other, to go into the matter. To the other question, whether annuities were exempt from municipal income tax, the answer was that the exemption applied only to Dominion taxation.

For these reasons, honourable senators, I move the motion standing in my name.

Hon RAOUL DANDURAND: Honourable members of the Senate, I may say I have had occasion to give a little attention to this matter lately. My attention was drawn to the matter from this angle, that the legislation providing for the sale of annuities was passed specially with the object of helping our people in moderate circumstances, and for that purpose the Government extended its paternal activities so far as to pay the whole of the administrative cost; but now it looks as if people who are by no means in that class, and can afford to pay for that cost, are taking advantage of the scheme, and as time goes on more and more well-to-do people will do so if the Act is not inquired into and steps are not taken to protect the treasury. It has been represented to me that the whole cost of administering the Act, which is considerable, is being made to apply over a large number of purchasers who can well afford to pay their share of that cost, instead of letting the country bear their burden for them. I welcome my honourable friend's motion.

Hon. Mr. BLACK: There was one suggestion that I intended to make, but overlooked, and I desire to make it now. It might be a good thing if the Government would issue an order preventing the sale of further annuities, after the end of this month at all events, until such time as the operation of the Act has been inquired into.

Hon. Mr. DANDURAND: I shall pass along my honourable friend's suggestion to the Minister.

Hon. Mr. MacARTHUR: I should like to ask the honourable senator a question or two. Has he in mind retroactive measures?

Hon. Mr. BLACK: No.

Hon. Mr. MacARTHUR: Only new applications would be affected?

Hon. Mr. BLACK: Yes.

Hon. Mr. MacARTHUR: Then the activities of the Annuities Branch would be curtailed, and insurance companies would look after the business. Has the honourable senator made a comparison of the insurance companies' annuity rates with the rates charged by our Annuities Branch?

Hon. Mr. BLACK: No, I have not. I am basing my argument upon this one feature, that the scheme is costing Canada entirely too much. The Government is paying on annuities twice the rate of interest at which it borrows money.

Hon. Mr. ASELTINE: Insurance companies' rates are 20 per cent higher.

Hon. JOHN T. HAIG: I should like to ask the honourable senator a question. Has he any figures to show the volume of annuity business done by the insurance companies in the last three or four years?

Hon. Mr. BLACK: No.

Hon. Mr. HAIG: I suggest he will find that the sales of annuities by insurance companies have increased just as fast, proportionately, as have annuity sales by the Government. I would suggest, further, that he find out just who have been buying annuities.

I am not one of those who believe that this business should be stopped.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I am in favour of this business being allowed to go on. In Western Canada we are faced with a very difficult situation on account of a large proportion of our population coming from continental Europe. They do not put their money into banks or trust companies; they simply hide it in their homes. The opportunity to purchase annuities has been an inducement to them to invest their money. I am persuaded that many insurance companies have sold annuities in large amounts by reason of the fact that the Government system was in existence; and this is all to the good of the people.

Originally the maximum Government annuity purchasable was $5,000 per year per person. That, as I understand, has been cut down to $1,200.

The honourable member quoted figures. I shall be interested to learn whether those figures represent fully paid-up annuities or not, for I am informed by a salesman of Government annuities that a large number of persons have taken out annuity contracts on which they pay a small sum, the balance to be paid at some future time.

There are two sides to this question of Government annuities, and I do not like my honourable friend's suggestion that the business be discontinued. There is a reason why our people have been investing in annuities, apart altogether from the interest return. The banks have reduced the rate of interest on deposit accounts from 3 per cent to 2 per cent, and on certain accounts allow but 1 per cent, and if the deposit is below a certain minimum it ceases to earn interest. The reason underlying investment in annuities is the financial fear felt all over the world to-day, and everybody is rushing to put his money into government securities. I am not sure we should not allow the business to go on. The people will ultimately come to their senses and start to invest in other securities. In our Western country we could give a large amount of employment if the people would invest their money in mortgages on house property or for new buildings, but we cannot get such loans to-day, because of certain legislation, some passed by the provincial legislatures and some by the Dominion Parliament. Recently there was a request to extend the operation of the Farmers' Creditors Arrangement Act in that regard. If the request is granted it will be much more difficult to secure mortgage funds.

I am not persuaded that it is a bad thing for the people of this country to put some of their savings into Government securities. They will soon get tired of the investment returns and that money will go into other channels of investment. I think the same thing applies to the annuity business of the insurance companies. I am certainly prepared to support the resolution to discuss the question, but, as I have said, there are two sides to it.

Hon. JAMES MURDOCK: Honourable senators, certainly I am in favour of the motion. I have had some experience in dealing with the Government Annuities Branch. As I understand, there is no suggestion to discontinue the issue of Government annuities—

Hon. Mr. DANDURAND: Oh, no.

Hon. Mr. MURDOCK: —but the purpose is to consider the matter fully and ascertain whether, having regard to present conditions, we are dealing equitably with all our people with respect to this business. The honourable senator from Winnipeg a few moments ago said—

Hon. Mr. McMEANS: I am the senator from Winnipeg, and I did not say anything.

Hon. Mr. MURDOCK: I have not the right designation of the honourable gentleman.

Hon. Mr. HAIG: Winnipeg South Centre.

Hon. Mr. MURDOCK: The honourable gentleman from Winnipeg South Centre a few moments ago informed us that in his opinion not only were Government annuities being taken out in larger numbers, but also

annuities issued by the insurance companies. I think he is right. But what is the reason for this increased business? As I understand, the reason was given to us by the honourable gentleman who has made this motion (Hon. Mr. Black), that there is no income tax payable on money invested in annuities. I think in these trying days of income tax requirements a considerable number of persons—I am not finding fault with them particularly—throughout the length and breadth of Canada have been saying: "Let us put our money, say $10,000, $15,000, or $20,000, into Government annuities; then we shall be relieved of any income tax payments, and we shall get what under present conditions will be a fair rate of compensation by way of interest, and, the annuities being backed by the Dominion of Canada, there will never be any question as to whether we shall be paid."

We went into the question a few years ago, and as a result the maximum was cut down from $5,000 to $1,200. That was done to put a stop to the practice of well-to-do gentlemen purchasing $5,000 annuities for members of their family. On this investment the Government paid a substantial rate of interest and all management costs.

The entire question of annuities, whether issued by the Government or by insurance companies, deserves our best consideration, if for no other reason than that we may ascertain whether any wealthy citizens of this country are evading their responsibilities for income tax. I think the motion should be passed.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have certainly not come to the conclusion that we should desist from offering annuities to the public. I do not think such is in the mind of the mover of the motion. But I do want to comment on the remarks of the honourable member from Winnipeg South Centre (Hon. Mr. Haig).

I cannot think of any argument at all that would justify the Government of Canada continuing to provide for all the people of this Dominion, rich and poor, an avenue of investment on Government security at a rate of 4·4 per cent. Could any justification be imagined for such a policy? But that is what we are doing. I do not find fault at all with any persons, no matter whether rich or poor, who up to now have availed themselves of our legislation and secured an investment with a return which, as results show, is 4·4 per cent. It was intended to be 4 per cent, but the actuarial calculations were in error; the actual rate is 4·4 per cent. Much less can I conceive any justification for providing rich and poor with an avenue of investment which, while yielding that rate of interest, is exempt from income tax under the law and practice prevailing at this hour.

What the motion intends, as I understand, is to institute an inquiry into the present circumstances with a view to revision of the Act so as to provide something more equitable to the general taxpayer.

Now let us consider what has happened. I know of some comfortably well-off persons who availed themselves of the Act. To tell the truth, I thought many times of taking advantage of it myself, and, though I have never availed myself of it, I should probably have done so but for a persistent habit of putting things off. Credit to-day is worth, in respect of short-term money not more than 1¾ per cent, of medium-term money about 2¼ per cent, and of long-term money about 2½ per cent. Yet the door of the Dominion Government is open to anyone who wants to come in and lend it money at 4·4 per cent; and the Government is good enough, as well, to see that there is no charge against that lender for management or operation. Clearly, this cannot be denied.

The honourable senator from Winnipeg South Centre says the insurance companies are increasing their annuity business. I hope they are. The practice is excellent. Their business has multiplied as fast as the Government's. This suggests to me that perhaps there is not now the same need for the legislation as there was, for apparently people have acquired habits of frugality for the purpose of purchasing annuities. Such, to my mind, was the main object of the legislation. I well remember when, in 1907, Dr. Sampson, of Windsor, travelled throughout our country laying down the principles of this legislation and painting the aspirations of the Administration of the time in adopting this policy. It was in the main to inculcate in all and sundry habits of thrift in order to provide for their future. It was a worthy aim, and if the Act had the effect of stimulating interest and concern in the subject, and therefore spreading throughout the country habits enabling our people to take care of themselves, then certainly the Act has achieved a very fine object indeed.

The honourable member says we ought to encourage people to put their money into Government securities. With that general principle I do not agree. Will the honourable gentleman just recall what he said immediately after? "We cannot get money in the West for house or farm loans." He is right. It is one of our principal difficulties. And the difficulty of the West is the difficulty of the

East, only in the East it is in a much less extreme form, and some money is now available. The reason for those difficulties the honourable member touched on himself. He said, "People are afraid, especially our newer population." It is not only the newer population; everybody is afraid of some confiscatory taxing legislation or some upset. What is needed in this country, as in all civilization, is stability and security. Then people will feel free once again to invest their money in constructive enterprise, and their investment will provide work. To-day people are fleeing to the Government with their money. In the United States investors are willing to take ¼ per cent, and in this country people will take 1½ per cent, in order to get security which they cannot get in ordinary avenues of investment. In these conditions, surely, we should not be waving flags calling people in and telling them we will give them not only the running rate, but three times the running rate. I think we should be encouraging investment in private enterprise, and should be doing something to encourage the release of money that is going into Government securities. The way I would do that would be to reduce Government rates to the lowest possible level. I should like to get them down to one per cent, or half of one per cent. The spectacle which the United States affords is the clearest evidence of a condition which affects the whole body politic. We have the same condition here, but in a less intensified degree. Therefore, if one thing is obvious, it is that we should shut the door, or at least contract the opening, to people who are seeking the security of Government, and we should say to them, "If you wish to come in you will get only minimum returns, nothing more."

The motion was agreed to.

PARLIAMENTARY RESTAURANT

ALLEGED ABUSE OF PRIVILEGES

Before the Orders of the Day:

Hon. Mr. McRAE: Honourable senators, I desire to call the attention of honourable members, particularly those who are on the Joint Committee on the Restaurant, to a situation which apparently has developed this session. We have in our restaurant, I am advised, accommodation for 240 diners. Yesterday, in a grand rush, 300 persons were served. The hallway outside the restaurant reminded me very much of the entrance to a dining car in which an attempt is being made to serve the passengers on a train of twelve or fourteen Pullmans. I went to the restaurant with two of my colleagues, and after getting inside we found at least two tables at which the chairs were tilted up, and we were asked not to sit down there, the reason being, apparently, that they were reserved for outside guests who had not yet arrived. Eventually, after an hour and fifteen minutes, we got our meal.

I am not quite sure of the cause of the greatly increased popularity of the restaurant. Possibly it is the good fifty-cent meal which is served, or possibly it is the activity of the social hostess who has recently been added to the staff of the House of Commons. Be that as it may, the restaurant at lunch-time yesterday looked like a first-class ladies' club in which a number of men had been permitted to get under the wire.

On making inquiry as to how this condition comes about, I am informed that more than two hundred permits have been issued to residents of Ottawa who otherwise would not be entitled to enjoy the privileges of our restaurant. I submit, honourable senators, that not only does this constitute an interference with the legitimate hotel and restaurant business in this city, but it defeats the very object which the establishment of the restaurant was supposed to achieve. Furthermore, it also probably increases the deficit —a deficit which is justified only by reason of the great service which the restaurant renders to the members of both Houses of Parliament.

I trust honourable senators will agree with me that this matter should be brought to the attention of the Restaurant Committee and that steps should be taken to restore a condition which will afford us an opportunity of enjoying the advantages which the restaurant was intended to provide.

Hon. Mr. McMEANS: Honourable senators, I am a member of the Committee on the Restaurant. I think that approximately 228 tickets are given out to the heads of the different departments, to deputy ministers and their clerks, and to Government House. The difficulty is due, I think, to the fact that tickets extending the privilege of the restaurant for one day have been issued. For instance, ladies who want to give parties will get a member of either House to recommend that they be accorded the privilege of the restaurant for the day, and sometimes it happens that they all desire to avail themselves of the privilege on the same day. I think members of both Houses are to blame to a certain extent.

Hon. Mr. CALDER: Who grants the privilege?

Hon. Mr. McMEANS: The request goes to the Sergeant-at-Arms, generally through the Speaker. A lady who wants to have a party will call up the Speaker, who will refer her to the Sergeant-at-Arms. He may tell her, "We cannot give you lunch to-day," but she will say, "I am going to have a luncheon to-day and invitations have already been issued for it," and she will insist upon her point.

Another practice which has become common is that of members writing a note saying, "I want you to serve lunch for six lady friends of mine." These ladies then come to the restaurant, although the member does not accompany them. Only yesterday six employees were sent up with a letter, and while they were being served members of the Senate and of the House of Commons remained standing at the door waiting for an opportunity to get in to have their lunch. One ex-minister has told me that he would like to lunch at the restaurant, but that he could go down town or to his club and get his lunch more quickly than he could get it in the Parliamentary Restaurant.

This is a condition which will have to be remedied. As you know, the Restaurant Committee usually meets only towards the end of the session, for the purpose of dealing with accounts, but I shall endeavour to see the Speaker of the House of Commons and get him to call a meeting of the committee, so that the whole question may be considered. I trust that a satisfactory solution of the difficulty will be reached.

Hon. Mr. MULLINS: Honourable senators, I have been a member of the Restaurant Committee since 1930. The statements that have been made about deficits are wrong. There is no deficit; there is a credit balance. Yesterday I asked about all the functions that were going on, what all the ladies were doing there, and whether the business was bringing in a revenue to the restaurant. I was assured that it was. However, I shall go further into the matter, for I feel a certain responsibility. In the past I have made efforts to bring the restaurant up to a high standard. I took the young man who was doing the purchasing down to the packing plant and showed him the types of meat he should put in. I want to see the restaurant kept up to standard, and I do not like to hear it criticized.

I am sorry that I could not hear what honourable members were saying. I wish they would speak up. They have got into the habit of whispering. When they mumble their words I cannot hear them, and I feel very lonely. If they continue they will have me going back to the House of Commons next election.

Hon. Mr. McMEANS: Oh, no.

Some Hon. SENATORS: Oh, oh.

PRIVATE BILL

THIRD READING

Bill A, an Act to incorporate the Economical Mutual Fire Insurance Company. —Right Hon. Mr. Graham.

CANADA-UNITED STATES TRADE AGREEMENT BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion for the second reading of Bill 13, an Act respecting a certain Trade Agreement between Canada and the United States of America.

Hon. F. B. BLACK: Honourable senators, I have but few remarks to make upon this trade agreement. I may begin by saying that I would rather call it a trade agreement, not reciprocity, because it is not reciprocity in the proper sense.

In introducing this Bill yesterday the honourable leader of the House referred to the prosperity which Canada enjoyed under the Reciprocity Treaty which was in effect from 1854 to 1866. That was before my time, but I have heard of it. During that period times were good for two reasons, the primary reason being the one referred to yesterday by the honourable gentleman, namely, the war betwen the North and the South, which gave us a market across the line which otherwise we could never have had —a market which was closed to us as soon as the war was over.

I believe that a certain measure of trade between nations is good, and I am quite in accord with those who say that tariff walls have been raised entirely too high. We, however, are too small to exert an economic influence on the whole world. The best illustration of the truth of this statement is the fact that the greatest exemplar of free trade in modern times, Great Britain, had to adopt a protective policy when Germany built up her foreign trade and took away 40 per cent of what had been Great Britain's, France did likewise and took away 17 per cent, and the United States adopted the highest tariff of any country in the world. It is under that protective policy, a policy of very high protection, that Great Britain

financially and industrially is to-day coming back more rapidly than any other country in the world.

Hon. Mr. POPE: Hear, hear.

Hon. Mr. BLACK: However, I believe the tariff walls are too high. I believe neighbours should trade with one another. We produce in this Canada of ours certain commodities which we desire to sell to foreign countries, and particularly to our neighbour to the south. But we are at one disadvantage. We have a population of only a little more than ten millions and we produce from the soil, from the mine, from the sea and from the factory, whereas the United States has a population of over 120 millions and produces similar products on a much larger scale. Therefore in making a reciprocal trade agreement, unless we exercise the utmost care and forethought and provide for revision, the chances are we shall be found holding the smaller end of the stick.

I am sorry that the Senate was adjourned when this trade agreement was being debated in another place. Had I been in Ottawa I should have listened to the debate with a great deal of interest, because the subject is a vital one. Generally speaking, I do not think the tariff reductions on either side are large enough to bring about any calamitous result for the United States or ourselves. As I said before, I think the agreement will do some good. I shall attempt to deal with it this afternoon from the point of view of the effect it may have on the Maritime Provinces, that is to say, New Brunswick, Nova Scotia and Prince Edward Island, and it is quite proper that I should do so. Certain features in the agreement I do not like because, in my opinion, we have not received a sufficient concession. I am willing to admit that we got all we could, for I have no knowledge to the contrary.

I shall take up two or three items. First of all, lumber; and by that I mean ordinary rough-sawn lumber. I have here a list of duties on lumber going into the United States under various tariffs of that country. Under the Underwood tariff of 1913 lumber entered the United States free, and it was also free under the emergency tariff of 1921. The Fordney-McCumber tariff of 1922 imposed exceedingly high duties on some things, but lumber of the class I am speaking of remained free. In 1930, however, a duty of $1 a thousand feet was placed on lumber by the Hawley-Smoot tariff. But that was not all, for in addition there was a revenue tax of $3. So the total United States duty on lumber from the time of the Hawley-Smoot tariff until this trade agreement went into effect was really $4. Now, a person not conversant with the facts might conclude, after looking over this trade agreement, that our lumber can go into the United States to-day under a duty of only fifty cents, but the fact is that while the duty proper has been reduced to fifty cents, there is a customs tax of $1.50.

Hon. Mr. GORDON: That is $2.

Hon. Mr. BLACK: Yes, that is $2 on lumber going into the United States. If there are any lumbermen from the Maritimes or Quebec in this House to-day they will bear me out when I say that a duty of $2 on rough lumber keeps our product out of the American market.

But we let American lumber come into Canada free. We give the United States most-favoured-nation treatment, under which spruce, pine and fir come into New Brunswick, Nova Scotia and Quebec without any duty. Now, that is not reciprocity. I am not saying that there is much danger of the lumber industry in the Maritime Provinces and Quebec being injured because American lumber can enter this country free; I am simply stating facts.

Our Government was not able to persuade the United States to give us the same privilege which we gave them with respect to lumber. If as at the 1st of March last we could have had a free entry of our lumber into the States it would have meant an extra price of at least $1.50 a thousand feet on a very large quantity which we produced in the Maritimes. I am calling attention to this because I understand the matter will be up for revision, and it is well that the members of the Government should know the situation, so that when the question is under discussion they may be able to say: "We think that the arrangement with respect to lumber should be adjusted. If we are going to let that commodity come here from the United States free of duty, that country should admit our product free."

I have a list of duties on other classes of lumber, but I am not going to weary the House with references to them.

Some reference has been made to fish. Various kinds of fish caught in American waters are admitted to Canada free, but only some of those classes caught in Canadian waters will be allowed into the United States free. I will not say anything further on this question of fish, as I understand another honourable senator, who is very much more conversant with the subject than I am, intends to speak upon it.

Now I wish to refer briefly to potatoes, which, as honourable members know, are a

specialized crop. In certain parts of New Brunswick and Nova Scotia and in Prince Edward Island the crop is a very important one. Potatoes are grown there for home consumption, for shipment to the other provinces, and for export to the West Indies, to Cuba and the United States. Under this agreement we admit potatoes free, and I think it is fair to assume there is danger of the Maritime Provinces being shut out altogether from the Ontario and Quebec markets. It would have been an excellent thing if the United States had reciprocated by admitting Canadian potatoes free, but the reduction is only from 75 cents, the previous rate, to 60 cents per hundred pounds on table potatoes. For three months of the year our seed potatoes are admissible at 40 cents, the rate for the rest of the year being 65 cents. Now, that is a trade agreement, but again I say it is not reciprocity. In the interests of the Maritime Provinces especially, these two items, lumber and potatoes, should be taken up and adjusted so that there may be some nearer approach to equality of rates between the two countries under this agreement which is called reciprocity.

I had intended to discuss the situation with respect to beef and pork, but I understand the honourable senator from Marquette (Hon. Mr. Mullins), who told us he was getting lonesome in this Chamber, will deal with these commodities in some detail. He knows much more about them than I do, and I believe he will quote facts and figures that will astonish us all. At any rate, they will be very interesting. But may I make a few remarks with respect to pork? We reduced our rate on United States pork from 5 cents to 1¾ cents a pound, but the American duties against Canada are 2 cents a pound on swine, 2½ cents a pound on pickled pork, and 3¼ cents a pound on bacon. Those rates indicate a considerable difference in favour of the United States and they are further examples of why this agreement cannot be called reciprocity.

Now I want to say something about hay, which is an important product in those vast reclaimed marsh lands at the head of the Bay of Fundy. One area in front of the town where I live produces nearly 10,000 tons of hay annually for export. Taking all the marsh lands at the head of the Bay of Fundy as a whole, it is no uncommon thing for them to produce 20,000 tons of hay a year for export to the United States and the West Indies, and for shipment to other provinces, in addition to what is produced for home consumption. Our duty on hay from the United States was formerly $5 a ton, but under this agreement it has been reduced to $1.75. The United States duty on hay from Canada was formerly $5 too, but this has been reduced only to $3. Now, if there is a shortage of hay in Quebec or Nova Scotia— and it frequently is necessary for those provinces to require hay to be shipped in—

Hon. Mr. GORDON: And for Ontario too.

Hon. Mr. BLACK: Yes. If these provinces have a shortage of hay they can import it from the United States, and the duty is only $1.75 a ton. It is not unusual for certain states of the Union to have to buy hay from outside, but if we send any to them we must pay a duty of $3. This is another instance where there is no reciprocity. I can assure the House that the matter is of real importance to the Maritime Provinces, and especially to those counties at the head of the Bay of Fundy where the hay production is so large.

Every lumber man, every farmer, every hay dealer, every potato grower in the Maritime Provinces will be dissatisfied and greatly disappointed when he becomes cognizant of the facts about this agreement. He will feel that he is not getting what he had a reasonable expectation of getting. After all, the appeal that a tariff agreement makes to a man depends very largely upon how it affects his loyalty and his pocket, and any agreement that does injuriously affect either of these things will cause him to feel aggrieved. I have referred to these items with respect to which we have not reciprocity under this agreement: lumber—that is the most important—hay, beef, potatoes and fish. The agreement is unjust to us in that it does not give us the same rate of duty that it gives the United States. I ask the honourable leader of the Government to see that this and the other injustices to which I have called attention are rectified, for I understand that within the agreement itself provision is made to meet such cases. I consider they are well worth consideration, and therefore in the interests of the Maritime Provinces I submit them to the attention of the Government.

Hon. HENRY A. MULLINS: Honourable senators, there are a few observations in connection with this treaty which I desire to make, and I shall speak but a short time. I have always been taught to be brief in public speaking. I have stood at the bar of this Chamber many times in past years, but it has never been my privilege until to-day to address this august body. Naturally I do

so with some timidity, but when I think of the subject that I have striven from time to time to bring to the attention of the other House, I make no apology for directing the same subject to the attention of this Chamber.

I submit, honourable senators, that the gentleman who went to Washington to negotiate this trade treaty for Canada neglected one of the most important industries in this country; and I give it second place to no industry—I will not even allow wheat to go ahead of it. Pick up the morning paper and you will read of the quarrelling about wheat. It has been so all the way down through history. You students of the Bible know quite well that in Genesis we are told of Cain and Abel. One was a tiller of the soil, and the other kept flocks and herds. You know what the tiller of the soil did to the one who had flocks and herds. There has been trouble right down to the present day, and the live stock industry of this country has been sorely neglected. It has been neglected in this treaty, and that makes me feel sad.

I have been in the cattle business for over half a century. It is an easy matter for the industrialists in the East to talk of their troubles, but it is an easier matter for me to tell you honourable gentlemen about our troubles out west. The principal trouble has been the neglect of the live stock industry. The farmer has neglected it by not looking after the proper breed of cattle. Our legislative bodies have also neglected the industry.

It always seemed to me when I got up on the floor of the other House there was a feeling on the part of many members which, if expressed, would have been something in this form: "You are talking cattle. Let us talk about wheat, university graduates, or anything else, but when it comes to the cattle industry, let us be silent." Yet that is more important than anything else to the man on the land.

The right honourable gentleman who went to Washington to make a deal had the opportunity of his life. He could have said to President Roosevelt: "You have authority to reduce the duty on cattle from three cents to one and a half cents." Why did our representative close the bargain with the duty at two cents? I am sorry that instead of some economist or theorist out of a university he did not get a man to accompany him who had been used to making bargains in cattle trading.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MULLINS: If he had taken Lovat Fraser—the gentleman who auctioned the noted bull sold to my friend the Hon. Duncan Marshall—Mr. Fraser would have told him just the right moment to close the deal and would have got the duty at one and a half cents on Canadian cattle entering the United States. The citrus fruit growers of California were right on the President's doorstep, eager to get their large-size oranges into this country duty free. All our representative had to do was to say to the President of the United States, "We are giving the freedom of the Canadian market to your California oranges, but you must put the duty on our cattle down to one and a half cents a pound instead of two cents." As I said, the President had authority to reduce duties 50 per cent, and he could have reduced the duty of $3 per hundredweight on cattle to the figure I have mentioned. I do not object to the entry of California oranges. Let us import all the health-giving fruits we can. But I feel the live stock industry has been overlooked. There was a chance to save thousands of dollars for our live stock producers by, as it were, pressing a button and making a bargain for the admission of our cattle into the States at a duty of one and a half cents a pound in return for removing the duty on citrus fruits from California. It was a splendid opportunity, but we lost it.

Oh, yes, honourable senators, I admit we have been clamouring for the American market, but let me say that I am not so very enthusiastic about that market. I have gone over there many times with cattle. They will let you in when they want our cattle; but by lowering prices or raising duties they will shut you out suddenly, overnight, and then you find you have no market at all.

I admit the United States is the logical market for range cattle. I admit that wild cattle from the open range, that we call "ranchers," do not stand the voyage across the Atlantic as well as the domesticated cattle from Ontario, Manitoba and the eastern part of Saskatchewan. The British is the logical market for these domesticated cattle.

You will shortly have on your door-step requests to fit up the cattle ships which are now dismantled. Last night I sent a wire asking how many buyers from the Old Land were on the market prepared to purchase.

Hon. Mr. POPE: Where?

Hon. Mr. MULLINS: I sent this wire to Toronto. This is the answer I received:

> Brown and Large from Birkenhead, also Summerville, Glasgow, have been here and returned home. They have arranged space out of Saint John, and understand negotiating for Montreal space. Approximately twenty-eight hundred shipped including this week.

These cattle are being shipped to the British market—the most logical market we have. I do not want to see that market disrupted and lost. We fought for it for over thirty years. The British authorities placed an embargo against our cattle thirty odd years ago, but finally we got back into that market. We have the freedom of it to-day.

Now, I have another matter to which I wish to direct the attention of the House. It is very pleasing to Irish live stock dealers to-day to see us trading across the line with the United States, for this means our keeping away from the British market. I wonder if any honourable members noticed an item recently in the Winnipeg Free Press. I quote it:

> Take notice and warn all shippers of live stock to Britain.
> The I.R.A. will stop this trade at all costs. This is Ireland's own trade. So Canada, Hands Off. The I.R.A. will strike at the root and in Canada too.
> The I.R.A. will stop at nothing to achieve its end.
> Be well aware.

The initials I.R.A. stand for the Irish Republican Army. They wrote me an anonymous letter stating that if I did not keep off advocating the shipment of cattle to the British Isles I would be taken for consideration. I am sorry I have not that letter at hand. The Irishmen fought us out of the British market, then the United States disrupted our exports to them, and we in the cattle trade have been up against it right along.

I repeat, there is not a more neglected industry in Canada than the live stock industry. It has been a forgotten industry. It was forgotten when this treaty was negotiated and it did not get a lower rate of duty. It was a mistake that our negotiators did not press further to get our cattle into the United States market at the cent and a half a pound, and so give our cattle men an opportunity to make a little money. It is not a stable market; it may be closed in thirty days. What is the use of talking about it? The United States will take in our cattle when they want them, and shut them out when they do not want them.

An Hon. SENATOR: Then why worry?

Hon. Mr. MULLINS: I come now to the hog industry.

Hon. B. F. SMITH: Hogs are worse.

Hon. Mr. MULLINS: I ask honourable members if they are going to permit American shoulders and hams from hogs raised under unsanitary conditions to come on our market, because, if so, we are going to ruin the hog raiser in Western Canada.

Hon. Mr. POPE: And in Eastern Canada too.

Hon. Mr. MULLINS: I do not intend to criticize the leader of the Government in this House or in the other House. I am speaking in the interest of the hog producers of Canada. Are you going to let shoulders and hams of United States hogs enter our market? Are you going to allow pork to be brought into this country at a cent and three-quarters a pound duty, when, if we want to export dressed hogs to the United States, we must pay a duty of five cents a pound? The same question applies to the bacon hog that is brought in here in the carcass.

On one occasion I undertook to tell the members of the other House something about the hog industry in the United States. A friend of mine, the American Consul at the time, was sitting in the gallery, and when I met him later he said to me: "Look here, you should not have spilled those beans. Why did you tell them that story? I have two hundred hogs feeding under those conditions." Contrast the pork produced from hogs fed under such conditions with our pea-fed pork, the finest in the world. We have a quota in the British market for our bacon to the extent of 280,000,000 pounds. We are not sending there anything like that quota.

Honourable members must pardon me for what I am about to say as to hog feeding in the United States. Two hundred hogs are put into a feed lot with one hundred steers. These steers are fed corn. Before the hogs get that corn it has passed through the steers. In short, it is a by-product from the steers. That is the way pork is raised in the United States. Compare that pork with the product of Denmark and of Canada. The land of Denmark was a mass of weeds. Hog-raising was the means of bringing back fertility to the soil and putting the country on its feet. The Danes did that by producing the right kind of hogs. To-day Canadian bacon takes its place alongside Danish bacon.

The good Wiltshire side of bacon that is being manufactured in Canada has made several millionaires. There are wealthy men in Toronto who to my knowledge have been in the hog business. I tried the hog business once. I brought four thousand hogs from Manitoba to Toronto. A buyer bought those hogs. He sent me home to Manitoba with $47. The return ticket was $48. After that experience I decided to stay with the cattle business. But it is well known that men engaged in the pork-packing industry have become rich. Have my honourable friends ever heard of a cattle man getting rich? I

am speaking about the man who exports cattle to Europe. I challenge any honourable senator to point me out any man in that business who did not die poor.

The honourable leader of the house (Hon. Mr. Dandurand) will remember my friend Mr. Bickerdike, who was one of the finest characters that ever sat in the House of Commons. Mr. Bickerdike and I were partners in shipping cattle overseas, and neither of us made much money, owing to the fluctuations of the market. But the man who handles hogs can use everything except the squeal. Look at the man who has been handling hogs and fabricating the kind of bacon that is asked for in the British market—good Wiltshire sides—and you will find he is rich.

The poor cattle man, I am sorry to say, has had to struggle against adverse conditions. I ask honourable members to look at this tin of canned beef which I hold in my hand. It is brought in from the Argentine and from Uruguay. What is in these tins? Let me tell you. The label says the contents are part of the product of 500,000 cattle. They were usually decrepit old animals before they were converted into canned meat. You will find canned meat on the shelves of nearly every food store in Canada. Are we to permit the importation of this tremendous volume of canned beef to the detriment of our own cattle? I should have to be very hungry before I would eat this canned meat, knowing, as I do, what it represents. I have figured out what the importation of this product into this country would amount to in cattle, and I may tell you that it is equal to 20,000 head, or 3,000 more than the 17,000 cattle we are shipping.

I do give the Government credit for finding a market which helped us out in January, and for gaining entry for range cattle to a market which is the logical place for them to go. I was in Washington just a short time ago. While there I looked over the Senate and the House of Representatives, and then I went to the Canadian Legation, where I got some figures. For the period from the 9th of January to the 13th of February, 14,844 cattle went into the United States. Well, honourable members can figure out for themselves what the difference would be if $7 a head had been gained by a lower duty. The United States wanted to get their oranges and citrus fruits into our country, and a deal could surely have been made.

I know of nothing that will do more to save Western Canada than a greater production of hogs and live stock. Think of some of the dilapidated, worn-out farms, with the soil worked up and pulverized, to be blown away one day and blown back the next. The cowless, sowless, chickenless farms of Western Canada make for distress. I saw the great West when it was rich with cattle. The railways are standing idle because of the lack of a live stock movement. It makes me feel sad to see the stock cars rotting on the sidings. I remember the days when I had to offer a premium to get my cattle to market. You could not buy a trainload of cattle between Winnipeg and the mountains to-day, as you could in the early days.

I am sorry that my old friend the honourable senator from Calgary (Hon. Mr. Burns) is not present to bear me out in these statements. He knows what are the conditions in the West. But in the honourable senator from High River (Hon. Mr. Riley) I have a friend here who knows what we did in the old days—how thousands of cattle were moved, and the country was rich. To-day the country is devastated; it is going backward through lack of live stock. Denmark was in a similar position, but made a come-back, largely through the hog industry. Let us try to do something in the interest of the farms out west that are covered with sow thistle. Let us do something to help bring back the farmer. I say, God bless Duncan Marshall, even if he did pay $15,000 for a bull. I do not care what he paid if he got an animal that will improve the breed.

I have made the statement before that the country has been injured by raising too many Holsteins. I am sorry that the farmers did not see farther ahead and keep to the right kind of cattle. Yes, honourable senators, they forgot the Old Book. If they had looked at their Bibles and had read Genesis, chapters 30 and 31, they would not have these miserable spotted and ringstraked cattle that we see in every field to-day. Read that chapter, honourable gentlemen. It is the first place where a cattle deal is recorded. Read how Jacob made a deal with old Laban to take the ringstraked and speckled cattle for his share, and thereby consummated one of the early cattle deals. Read how he pilled the poplar rod. You know the rest of the story. Modesty prevents me from going any further. It is the first deal for profit in the Old Book.

Before I pass away I want to see this country take its proper place. I want to see happy and contented homes; I want to see picturesque farms with satisfied farmers on them, not men who are just birds of passage; I want to see a country that is the richest and best in the world. I have lived in this country since the days of Confederation, and

having known it in its days of fertility, I hate to see it go to pieces. Also, I want to help the young man who is coming out of the university. I say to him: "Boy, there is only one place for you to get ahead. Education is all right; it will not hurt you to carry it with you; but let me tell you one thing, boy, that to be anything in this country you have to get out of the city and get back on the land." The best investment that can be made to-day is the farms of Western Canada, if they are farmed aright. But anyone who thinks that he can buy canned milk and butter and be a farmer is wrong. I want to see a country that is fertile and rich again. I should be glad to advise any young men how they can succeed in mixed farming in the West.

I ask this august body to bring pressure to bear on the Government to stop the importation of foreign hams. I bought some Polish cured ham in Toronto the other day just to satisfy myself that Poland was shipping hams into this country. You can buy cured hams from Poland in Canada to-day.

Now, I have spoken longer than I intended. I shall not trouble the House very much, but when I felt that an opportunity to help the live stock industry had been missed I could not refrain from saying a few words. I thank honourable members for giving me an attentive hearing. I wanted to make a contribution to the live stock industry, because in my opinion it is more important than the wheat industry. No farmer that drives his coarse grains to the market in wagons can ever make a success of farming in Western Canada. To be successful he must drive his coarse grains to market on four feet, as live stock. I think the people of the West are beginning to realize this.

We have a wonderful market across the water for the right type of cattle. Brown of Manchester is ready to pay money; Summerville of Liverpool also, and another buyer from Glasgow is ready to purchase the best stock. That is the best market for this country. I prefer that market for our live stock, and I do not care whether Ireland likes it or not. Thirty-five years ago, in the ring in Perth an Irishman shook his shillelagh in my face and told me: "We will drive you confounded Canadians out of this country." Scotland is rich, and there is not a gold mine in the country. The people of Scotland believe implicitly in two things, the Sabbath day, and turnips. They believe in the fertility of their soil, and in maintaining that fertility.

Hon. FRANK P. O'CONNOR: Honourable senators, it was stated not many hours ago that "reciprocity" as used by the Liberal party was a sort of coined word. I have always felt that another group was noted for what I would term "patriotic sale."

Hon. Mr. McMEANS: Would the honourable gentleman speak a little louder?

Hon. Mr. O'CONNOR: I think I am doing pretty well.

Hon. Mr. POPE: I cannot hear you.

Hon. Mr. O'CONNOR: You did not hear the previous speaker either.

Hon. Mr. POPE: Yes, I did.

Hon. Mr. O'CONNOR: Patriotic sales are productive of good, and if we could sell within the British Empire every grain of wheat, every hog, every steer, all our hay and alfalfa, and everything else that we produce, I think that would suit us all. But we have found that it is advantageous for us to trade across the line with the United States. The honourable gentleman who preceded me told us about a man in Toronto who gave him $47 for his hogs. This man did not shake a shillelagh in my honourable friend's face, but he sent him home a very dissatisfied customer. I feel —and I think the right honourable the leader on the other side has expressed himself to this effect—that we can get just as far, and love our coat of arms just as much, with American cartwheels in our pockets as with pounds sterling, and I think that all honourable members are of one mind that we should try the solution now offered. Up to now the trade in beef has been insignificant, but I am convinced that in a short time the situation will be remedied, and that the treaty, if given a fair trial, will satisfy us all.

Hon. Mr. RILEY: I move the adjournment of the debate.

Hon. Mr. DANDURAND: My honourable friend from High River has moved the adjournment of the debate. I have suggested to him that if there are not many speakers who intend to address the House on this matter it would be preferable, if possible, to give the Bill second reading before we adjourn this evening. The third reading could then be put over until next week. The honourable gentleman said that he had no objection, provided he could speak on the third reading. So, if there are no other speakers who desire to be heard to-day, we can give the Bill second reading now, and place it on the Order Paper for third reading on Tuesday or Wednesday next, thus giving those who desire to speak an opportunity to do so.

Hon. Mr. GILLIS: Honourable senators, this Bill was rushed through to the second reading stage before it should have been. There should have been two days between the first and second readings, but the honourable leader of the Senate asked permission to move the second reading yesterday, and the House agreed. I think there are several who wish to speak on this question, and I submit that the proper time for them to do so is on the second reading. I think the motion of the honourable senator from High River is perfectly in order.

Hon. Mr. DANDURAND: Would the honourable gentleman have any objection to speaking on the third reading instead of on the second?

Hon. Mr. GILLIS: I prefer to speak on the second reading of the Bill. That is the proper time to discuss it.

Right Hon. Mr. MEIGHEN: There may be speakers who are ready to proceed to-day. I can quite understand the desire of the Government to make all the progress possible.

Hon. Mr. GILLIS: There is not very much business before the House, and I do not see why it should be necessary to rush this through. The Bill deals with a very important matter, probably the most important that will come before us this session, and I think the motion of the honourable senator from High River (Hon. Mr. Riley) should be adopted and the debate adjourned.

Hon. Mr. POPE: Look at the vacant seats.

Hon. Mr. CALDER: It seems to me that if any honourable member of the House is prepared to go ahead at the present time there is no reason why the motion should not be suspended. I know of at least one honourable member who anticipated an adjournment of the debate, and who will not be here until next Tuesday. I think he is desirous of speaking on the Bill. After the discussion which has taken place it is possible that I shall have a few remarks to make, and I have had no time for preparation. So, unless there is some real reason for it, I do not see why we should be in a hurry.

Hon. Mr. DANDURAND: I readily recognize that except with the leave of the Senate the motion for second reading of this Bill could not have been placed on the Order Paper before to-day. And inasmuch as the measure reached us only within the last two days, I have no objection to the adjournment of the debate until Tuesday next, in order that the House may have more time to study the various details of the schedules

Right Hon. Mr. MEIGHEN: Then the debate will be adjourned until Tuesday, not Wednesday?

Hon. Mr. DANDURAND: Yes.

On motion of Hon. Mr. Riley, the debate was adjourned until the next sitting of the House.

DIVORCE AND REMARRIAGE BILL

MOTION FOR SECOND READING POSTPONED

On the Order:

Second reading of Bill C, an Act respecting the remarriage of certain divorced persons.—Hon. Mr. Hughes.

Hon. Mr. HUGHES: Honourable senators, I move that the Order standing in my name be discharged and placed on the Order Paper for Wednesday next. I should like it to be the first Order for that day.

Hon. Mr. DANDURAND: I am not quite sure that the debate on the Trade Agreement Bill will be finished by Wednesday. I would suggest that the honourable gentleman make his motion at the end of that debate.

Hon. Mr. McMEANS: Why does the honourable gentleman ask that this debate be adjourned until Wednesday next? Can he not go on now? The Bill has been printed for some time and we all have had notice of it. I do not see why we should not proceed with this motion at once.

Hon. Mr. MURDOCK: A very important question.

Hon. Mr. McMEANS: I think it is important, to my honourable friend as well as to the rest of us. I do not see any reason why this motion should be postponed.

Hon. Mr. DANDURAND: Well, let it go on after the Trade Agreement Bill debate.

Hon. Mr. McMEANS: Why should it not go on to-day?

Hon. Mr. DANDURAND: The honourable gentleman is not ready.

Hon. Mr. McMEANS: As Chairman of the Divorce Committee I am somewhat interested in this Bill, and the difficulty is that I shall not be here next Wednesday.

Hon. Mr. DANDURAND: There is a possibility that the motion for second reading may not be reached on Wednesday, because the Trade Agreement debate may not then be finished. So perhaps my honourable friend from King's (Hon. Mr. Hughes) will be able to accommodate the honourable senator from Winnipeg (Hon. Mr. McMeans).

Hon. Mr. McMEANS: If the honourable gentleman would postpone his motion until after the Easter recess, I think that would satisfy everybody.

Right Hon. Mr. MEIGHEN: Or later still.

Hon. Mr. MURDOCK: We shall try to adjourn the debate to give the honourable gentleman from Winnipeg a chance to speak on it.

The Order was discharged and placed on the Order Paper for Wednesday, April 1.

PRIVATE BILLS

NORTHERN TRUSTS COMPANY BILL—SECOND READING

Hon. JOHN T. HAIG moved the second reading of Bill D, an Act respecting the Northern Trusts Company.

He said: Honourable senators, this Bill is very short in its terms. Sometimes a short Bill conceals a great deal, but this one does not. The Northern Trusts Company is not changing the status of any shareholder. It is reducing the value of its shares from $50 to $20 each, the surplus thereby released going to reserve account. All the shareholders have been notified, and of the total 30,000 shares in existence more than 20,000 were represented at a meeting which unanimously voted that the issued and paid-up capital of $1,500,000 be reduced to $600,000, and that the $900,000 so released from capital be added to reserve account.

The reduction in capital has been used for the purpose of setting up a special reserve of $508,725, made up as follows. To this sum of $900,000 are added an old reserve of $250,000 and some other items, amounting to $385,185, making a total of $1,285,185, from which certain deductions are made. Interest overdue longer than one year, amounting to $87,615, is written off, and a reserve of $688,844 is set up against real estate held. These two items total $776,460, and when deducted from the other total I mentioned leave a balance available as a special reserve of $508,725.

As I have said, the change in the capital structure was unanimously agreed to at a meeting at which more than 20,000 shares were represented. None of the shareholders who were not present have raised any objection. The change does not affect any taxation proposal, nor any creditor or other person; it simply makes the company's reserve more reasonable. Owing to the depressed condition of farm loans, particularly in Western Canada, a special reserve is needed to keep the company in a solvent and proper condition. Dividends have not been paid since 1932.

Hon. Mr. MURDOCK: May I ask a question? What did the shareholders pay for their shares?

Hon. Mr. HAIG: Fifty dollars a share.

Hon. Mr. MURDOCK: And now it is proposed to reduce the value of the shares to $20 each?

Hon. Mr. HAIG: Yes. But all the money stays in the company, just as it is. The shareholders will not be affected, because no new stock is being issued. If new stock were being issued it might be said that there was some attempt to defraud shareholders, but that is not so. And the same assets that the company has now will remain with it. With all financial companies in the West, and indeed all over Canada, if mortgages on real estate are held at a certain value which it is known they are not worth, there is a difficulty. It is much better for the shareholders to know the real truth about the value of their stock.

Hon. Mr. LEGER: Is that stock all paid for?

Hon. Mr. HAIG: Yes, all paid for.

Hon. Mr. MURDOCK: The shareholders are not now placing $30 per share in their pockets?

Hon. Mr. HAIG: No. The reduction is being transferred to reserve. A special reserve is being set up against possibility of loss on mortgages. Not a cent is being taken out of the company at all.

Right Hon. Mr. MEIGHEN: Why is a bill necessary?

Hon. Mr. HAIG: Because the company has a federal charter granted by Parliament.

Hon. Mr. McMEANS: The company was originally incorporated by the Legislature and later obtained a Dominion charter.

Hon. Mr. HAIG: The company was organized in 1904 under a Manitoba charter and was re-incorporated in 1923 under a Dominion charter.

Right Hon. Mr. MEIGHEN: By a Dominion Act?

Hon. Mr. HAIG: Yes. That is why we have to apply to Parliament for this change.

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

UNITED CREDIT ASSOCIATION BILL—SECOND READING

Hon. E. S. LITTLE moved the second reading of Bill E, an Act to incorporate United Credit Asociation.

Hon. Mr. McMEANS: Will the honourable gentleman explain the object of the Bill?

Hon. Mr. LITTLE: Honourable senators, I understand this Bill is in the same form as a number of measures which have come before this House in the last three or four years and been passed. A similar Bill, I believe, was given second reading and referred to the Banking and Commerce Committee two or three days ago, at which time the honourable senator from Winnipeg South Centre (Hon. Mr. Haig) registered objection to it. If the present measure is given second reading, I would suggest that it too be referred to that committee for further consideration.

Hon. Mr. HAIG: Honourable members, I am not familiar with the procedure of this House. If I remain quiet when second reading is given to this Bill, will it be taken that I agree to the principle of it?

Some Hon. SENATORS: Yes.

Hon. Mr. HAIG: If the objections which I raised to a similar Bill the other day do not apply to this one, I must again express my opposition to all measures of this kind. The incorporators of this company are from my own city, and I know some of them, and they are very fine gentlemen. But this is not a personal matter at all. Without repeating all that I said the other day, I should like to suggest again that the honourable leader of the House take up with the Government the question of introducing a general bill to cover all companies that make a business of lending small sums of money to people in salaried positions—sometimes to people in very low-salaried positions. We should have general legislation covering not only companies that have federal charters, but also, if our jurisdiction will enable us to go so far, covering all companies that do business of this kind.

Hon. Mr. MURDOCK: Honourable senators, I think I am entirely in agreement with the views of the honourable senator from Winnipeg South Centre (Hon. Mr. Haig). Should this Bill go before the Banking and Commerce Committee, I hope to do my best to persuade that committee to kill it right there.

Hon. Mr. DANDURAND: As the honourable senator from London (Hon. Mr. Little) has said, a bill similar to the present one has already been given second reading and been referred to the Banking and Commerce Committee. I think there is still another to come before us; so we shall have at least three of the same kind to consider. It seems to me the committee may have to appoint a subcommittee to study the whole operation of these lending companies and see if it would not be opportune to introduce a general bill controlling all such organizations, or perhaps suppressing them. Of course, it may not be advisable to suppress those that are already in operation. In any event, the whole matter should be thoroughly gone into by the Banking and Commerce Committee.

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

ST. LAWRENCE AND ADIRONDACK RAILWAY COMPANY BILL—SECOND READING

Hon. L. COTE moved the second reading of Bill F, an Act respecting the St. Lawrence and Adirondack Railway Company.

He said: Honourable senators, the purpose of this Bill is simply to empower the St. Lawrence and Adirondack Railway Company, owner of the franchise and right of way with respect to a line from Montreal to the American boundary, to renew the lease of the railway and undertaking to the New York Central Railroad Company, which operates the line. A lease for twenty-one years that was executed under statutory authority obtained in 1915 expires this year; hence the necessity for authority to renew. I may say that all the stock and bonds of the St. Lawrence and Adirondack Railway Company are owned by the New York Central Railroad Company. This Bill is quite the same as the one which was passed in 1915, except that instead of authorizing a lease for twenty-one years the present measure would give authority to make a lease or leases for a period or periods not exceeding ninety-nine years. The purpose of the change is to make it unnecessary for the company to come back to Parliament for a similar bill every twenty-one years.

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

OTTAWA AND NEW YORK RAILWAY COMPANY BILL—SECOND READING

Hon. Mr. COTE moved the second reading of Bill G, an Act respecting the Ottawa and New York Railway Company.

He said: Honourable senators, what I said about the preceding Bill applies to this one. The Ottawa and New York Railway Company owns the franchise and the right of way with respect to a line from Ottawa to Cornwall.

This company also has in the past leased its undertaking and its right of way to the New York Central Railroad Company, and that lease expires this year. Therefore the company seeks authority to renew the lease to the operating company, just as in the previous measure, for a period or periods not exceeding ninety-nine years.

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

TRUST AND LOAN COMPANY OF CANADA BILL—SECOND READING

Hon. Mr. COTE moved the second reading of Bill H, an Act respecting the Trust and Loan Company of Canada.

He said: Honourable senators, the Trust and Loan Company of Canada, a company which no doubt is known to every one of us, was incorporated by the old Province of Canada in 1843. It has carried on business in Canada ever since, lending money on mortgage of real estate.

I am told that 95 per cent of the debenture holders of the company reside in England, and that the president is Right Hon. L. S. Amery, M.P.

The company owns mortgages in Canada amounting to about $12,000,000. The money invested on those mortgages is made up of the subscribed capital of the company and of borrowings on debenture stock and on short-term debentures.

On account of prevailing financial conditions the company has been unable to obtain renewals of its short-term borrowings, and naturally it is almost impossible at present for it to collect much of its mortgage principal and interest. In order to meet its short-term debentures the company has had to make calls on its shareholders, and in this way it has been able to meet all its liabilities. However, it realizes that further calls will be necessary.

The capital is made up of 2,500,000 shares of £2 each. These shares are not fully paid up. Payment on them has been called to the extent of more than £1. The shareholders and directors desire that as soon as £1 2s. 6d. has been paid on each £2 share the capital structure be changed by the conversion of these £2 shares into two shares, one a preference share fully paid up and the other a common share paid up only to the extent of 2s. 6. When this is done the shareholder will have in his possession, instead of a £2 share, a fully paid up preference share and a partly paid up ordinary share which will still be subject to call.

Right Hon. Mr. MEIGHEN: For how much?

Hon. Mr. COTE: For the balance of the £1. The ordinary share will be paid up to the extent of 2s. 6d., but it will be liable for the balance of the amount payable on the old £2 share, that is, for 17s. 6d. In other words, the same amount that the shareholder would have been required to pay on his £2 share he will now have to pay on his £1 ordinary share.

This is being done for the following purpose. As I said a moment ago, it will be necessary to make further calls on these shareholders. It may be a hardship for them, because the maturities are rather heavy. In order to enable the shareholders to finance payment of their calls, it is proposed to give them that share of preference stock fully paid, but with no strings attached, so they can negotiate it on the market, where it will have a value, because there is a good equity back of it. By selling this share they will be able to pay their calls. Under the by-laws of the company this call money is available for one purpose only—to pay debentures.

Hon. Mr. McMEANS: How much are the debentures?

Hon. Mr. COTE: I think the short-term debentures total about £1,000,000, and the debenture stock outstanding amounts to £600,000 or £700,000.

Right Hon. Mr. MEIGHEN: I understood the figures were larger than that.

Hon. Mr. COTE: Those are the figures given to me.

Hon. Mr. MURDOCK: May I direct attention to the explanatory notes on the opposite page, and in particular to this paragraph?

> How heavy has been the drain upon the company's liquid resources can be seen from the fact that the short-term debentures outstanding were reduced from £1,721,000 at 31st December, 1932, to £1,028,000 at 31st December, 1935.

Hon. Mr. COTE: That is the statement I have just made.

Hon. Mr. LITTLE: At the top of the same page it is stated:

> In the company's balance sheet as at 31st March, 1935, mortgages appear at the figure of $11,735,506.

Hon. Mr. COTE: Yes. I think the advantage of this change in the capital structure is fairly obvious. It will really benefit the debenture holders, who as the only creditors of the company are going to profit directly by the new capacity of the shareholders to pay their calls.

Hon. Mr. DANDURAND: This is the first time that a scheme of this kind has been proposed for the purpose of financing such an institution. It strikes me as being quite ingenious. We shall examine the Bill with due attention in the Committee on Banking and Commerce.

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

EQUITABLE LIFE INSURANCE COMPANY OF CANADA BILL—SECOND READING

Hon. H. W. LAIRD moved the second reading of Bill S, an Act to incorporate the Equitable Life Insurance Company of Canada.

He said: Honourable members, the purpose of this Bill is to incorporate the Equitable Life Insurance Company of Canada, which is to take over the assets and liabilities of a company organized twenty years ago under a charter of the province of Ontario.

Right Hon. Mr. GRAHAM: Of the same name?

Hon. Mr. LAIRD: No; under the name of the Ontario Equitable Life and Accident Insurance Company. The Ontario company has for the last twenty years been doing business in the Dominion from the Atlantic to the Pacific, and in Newfoundland. The business has assumed substantial proportions, there being now over $40,000,000 of insurance contracts in force, with assets of over $10,000,000 and an annual cash income of $10,000,000. In view of this development the directors deem it to be in the interest of the company to operate in future under a federal charter in order to pursue their policy of expansion. The matter has been submitted to the shareholders, and they have approved it unanimously. The Superintendent of Insurance at Ottawa, after a careful examination, has, I am assured, also approved the proposal.

After the second reading I shall move that the Bill be referred to the Committee on Banking and Commerce, where the officials of the company will appear and give all the details required.

Hon. Mr. LACASSE: Is that the company of which Mr. Tweed was formerly president, and then Mr. Dunning?

Hon. Mr. LAIRD: Yes. Col. J. L. Ralston is now president of the company.

The motion was agreed to, 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 I, an Act for the relief of Sonya Shenkman.

Bill J, an Act for the relief of Louise Markland Molson Blaiklock.

Bill K, an Act for the relief of Rita Constance Beatrice Gurd Rykert.

Bill L, an Act for the relief of Helen Elizabeth Ham Lilley.

Bill M, an Act for the relief of Mary Kaydouh Massabky.

Bill N, an Act for the relief of Dora Louise Gustiana York.

Bill O, an Act for the relief of Violet Charlotte Dyke Duiven.

Bill P, an Act for the relief of Irene Louise Penny McKee.

Bill Q, an Act for the relief of Esther Shapiro.

Bill R, an Act for the relief of Thomas John Howard Fox.

SALARY DEDUCTION (CONTINUANCE) BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 15, an Act to provide for the deduction from compensation in the Public Service.

He said: Honourable senators, as we are in the midst of the Lenten season, I assume we are all disposed to make certain sacrifices. The purpose of this Bill is to make a levy of five per cent on the salaries and emoluments of members of the Public Service of Canada. It is a renewal of a policy which originated in 1933 and has been continued from year to year.

There is one change from the Bill of last year. That Bill made provision for an appropriation of $3,000,000. That has been dropped. I have a vague recollection that I inquired of my right honourable friend last session why he was asking for $3,000,000 when apparently there was being effected a saving to the Government of five per cent of the salaries mentioned. He explained at the time —I now recall it—that ten per cent had been retained, but that as the deduction was being reduced to five per cent the $3,000,000 was required to make refunds to those who had been taxed ten per cent.

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

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

THIRD READING

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

He said: As this Bill reproduces the Act of last year word for word, with the exception already mentioned, and as the purport of the Bill is well known, I suggest that we dispense with the committee stage and take the third reading.

Hon. Mr. HAIG: I should like to ask a question. Has the Government any statement to make as to whether this deduction is going to be permanent or whether this will be its last year?

Hon. Mr. DANDURAND: I could answer my honourable friend better after I have read the budget speech and am familiar with all that it implies. I see in the papers that one of my colleagues has declared that the budget to be announced will be quite unbalanced. That, perhaps, was an expression of personal opinion; but till I know how we stand financially I shall not be able to answer the honourable gentleman.

Hon. Mr. HAIG: Some people think that this question ought to be very seriously considered; that if salaries are too high and the five per cent deduction is to be continued from year to year it should be put on a permanent basis. On the other hand, if the deduction is not to be permanent, they ask, "Why not go back to the regular salaries?"

Personally, I never could see that the Civil Service was paid too much. Certainly in the higher reaches of the Service the reverse has been the case, and business has taken good men out of the Service. I for one am not in favour of this salary reduction. I know it is unorthodox to say this, especially for a senator, but nevertheless I say it. The cost of living has been going up since 1933, which was the low point of the depression; and rents have been increasing; yet you put through these deductions. You are coming to another Bill which involves the same principle.

I am not going to object. I admit that this idea of a deduction originated with a Government that I used to support in the country, but last year it cut the deduction down from ten per cent to five per cent. I do not criticize the Government for what it is doing this year, but I was in hopes that this would be the last year of the cut, and I recommend to the honourable leader of the House that he suggest to his colleagues that this be the last year as far as salary deductions are concerned. What we are doing with respect to salary deductions has been done by a good many business people in certain walks of life, and I am persuaded that it is one of the things that have given rise to ideas like those we hear about in Alberta and other parts of Canada; also that it is not conducive to a revival of business, and that we should consider its discontinuance.

Hon. Mr. MURDOCK: The honourable gentleman will observe that clause 7 of the Bill says: "This Act shall expire on the 31st of March, 1937."

Hon. Mr HAIG: Another Bill can be brought in next year. That is what I want to prevent.

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

INCOME WAR TAX BILL (SPECIAL TAX)

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 16, an Act to amend the Income War Tax Act (Special Tax).

He said: As my honourable friend from Winnipeg—

Right Hon. Mr. GRAHAM: South Centre.

Hon. Mr. DANDURAND: —from Winnipeg South Centre intimated a moment ago, this Bill is for a purpose similar to that of the one we have just passed. I may say that this Bill is simply a continuation of an Act which is on the Statute Book, and which covered the last twelve months.

The Hon. the SPEAKER: It has been moved that this Bill be now read a second time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. SENATORS: Carried.

Hon. Mr. HAIG: On division.

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

THIRD READING

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

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

SOLDIER SETTLEMENT BILL

FIRST READING

Bill 18, an Act to amend the Soldier Settlement Act.—Hon. Mr. Dandurand.

ADJOURNMENT OF THE SENATE

Hon. Mr. DANDURAND: As the debate on the Trade Agreement Bill, which is a most important one, has been adjourned until Tuesday next in order that members of the Senate may be allowed a little more time to examine into it, I move that when the House adjourns to-day it do stand adjourned until Tuesday evening next at 8 o'clock.

The motion was agreed to.

The Senate adjourned until Tuesday, March 31, at 8 p.m.

THE SENATE

Tuesday, March 31, 1936.

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

Prayers and routine proceedings.

CANADIAN ENLISTMENTS IN PRINCESS PATRICIA'S REGIMENT

INQUIRY

Hon. Mr. CASGRAIN inquired of the Government:

1. How many native-born Canadians enlisted in the Princess Pat's regiment in Montreal?
2. How many native-born Canadians enlisted in the Princess Pat's regiment in Toronto?

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

1. Twelve.
2. Seventeen.

CANADIAN WINNERS OF VICTORIA CROSS

INQUIRY

Hon. Mr. CASGRAIN inquired of the Government:

1. How many Victoria Crosses have been won by the members of the Canadian Expeditionary Force during the last war, i.e., from the month of August, 1914, to the month of November, 1918, both months inclusive?
2. The names and addresses of all native-born Canadians who have been awarded this great distinction, the much coveted Victoria Cross.

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

1. Sixty-two Victoria Crosses were won by members of the Canadian Expeditionary Force during the last war. In addition to, and not included in, the 62 referred to, Lieut.-Colonel G. W. Barker, who enlisted in the Canadian Expeditionary Force and was discharged to a commission in the Royal Flying Corps, was awarded the Victoria Cross whilst serving with that corps.

2. The following are the names of native-born Canadians who were awarded the Victoria Cross for services during the Great War:

Rank at time of award	Name	Address on enlistment
Lieut.	Algie, Wallace Lloyd	Toronto, Ont.
Captain	Bellew, Edward Donald	Vancouver, B.C.
Captain	Bishop, William Avery	Owen Sound, Ont.
Corporal	Brereton, Alexander	Strathclair, Man.
Lieut.	Brillant, John	Bic, Rimouski Co., P.Q
Private	Brown, Harry	Omemee, Ont.
Lieut.	Campbell, Frederick W	Mount Forest, Ont.
Corporal	Clarke, Leo	Winnipeg, Man.
Private	Croak, John Bernard	Glace Bay, C.B.
Lance/Cpl.	Fisher, Frederick	Westmount, P.Q.
Corporal	Good, Herman James	South Bathurst, N.B.
Lieut.	Gregg, Milton Fowler	Mountain Dale, N.S.
Private	Holmes, Thomas William	Owen Sound, Ont.
Lieut.	Honey, Samuel Lewis	St. Catharines, Ont.
Corporal	Kaeble, Joseph	Sayabec, P.Q.
Lieut.	Kerr, George Fraser	Toronto, Ont.
Private	Kerr, John Chipman	Edmonton, Alta.
Major	Learmonth, Okill Massey	Quebec, P.Q.
Captain	MacDowell, Thain Wendell	Maitland, Ont.
Corporal	Miner, Harry Garnet	Chatham, Ont.
Captain	Mitchell, Coulson N	Winnipeg, Man.
Captain	O'Kelley, Christopher P	Winnipeg, Man.
Lieut.-Col.	Peck, Cyrus Wesley	Vancouver, B.C.
Private	Robertson, James Peter	Medicine Hat, Alta.
Lieut.	Rutherford, Charles S	Colborne, Ont.
Captain	Scrimger, Francis Alex	Montreal, P.Q.
Lance-Sgt.	Sifton, Elis Welwood	Wallacetown, Ont.

(Lieut.-Col. Barker, George William, Dauphin, Man. Awarded whilst serving with Royal Flying Corps.)

The following native-born Canadians were awarded the Victoria Cross for service during the South African War:

Rank at time of award	Name	Address on enlistment
Lieut.	Turner, Richard Ernest William	Quebec, P.Q.
Sergeant	Holland, Ernest J	Ottawa, Ont.

A number of native-born Canadians have been awarded the Victoria Cross whilst serving with British units, but there is no official information as to the persons to whom these awards were made, the War Office being unable to supply the information.

SASKATCHEWAN SEED GRAIN LOANS GUARANTEE BILL

FIRST READING

Bill 23, an Act to assist the Province of Saskatchewan in financing the cost of seed and seeding operations for the crop year 1936.—Hon. Mr. Dandurand.

APPROPRIATION BILL No. 1

FIRST READING

Bill 24, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.—Hon. Mr. Dandurand.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

FIRST READING

Bill U, an Act to amend the Canadian and British Insurance Companies Act, 1932.—Hon. Mr. Dandurand.

ALBERTA BOND ISSUE

INQUIRY

Before the Orders of the Day:

Right Hon. Mr. MEIGHEN: Does the honourable leader of the House (Hon. Mr. Dandurand) see fit to give us any information as to the probable fate of a bond issue of the province of Alberta which falls due to-morrow? I know the Government of that province has been in communication with the Government of Canada. As it is a matter of very general concern, it would be of interest if the honourable leader of the House could tell us whether or not any arrangement has been effected. I feel I should add that I am not asking the question in any spirit of criticism of the attitude taken by this Administration.

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND: At present I could only impart information that I had up to Saturday, but before the Senate adjourns this evening I will give my right honourable friend the latest information.

RIGHT HON. SENATOR GEORGE P. GRAHAM

BIRTHDAY CONGRATULATIONS

Before the Orders of the Day:

Right Hon. Mr. MEIGHEN: Honourable members, the occasion on which we meet to-night is a notable one in another respect. It is, I believe, the seventy-seventh anniversary of the birth of one of our most distinguished members.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: The event is one which brings pleasure to us all, and perhaps it is such as to justify comment because of the very honourable stage in life which this very young-looking man has reached, and because particularly of the status of universal goodwill which he enjoys. On behalf of all honourable members on this side of the House I warmly congratulate him. I hope we shall be able to repeat this pleasant incident for many years to come.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: I am sure that all the members of the House, and more especially those who sit around me, will be very grateful to the right honourable gentleman for drawing attention to this happy occasion. Comparisons are always odious; I will make none; but I can say that I know of no more popular senator sitting on my side than the Right Hon. George Graham.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CASGRAIN: Honourable members, I just want to offer my congratulations to the right honourable gentleman. I told him that when one of us dies of old age, the other had better commence packing his satchel.

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. GRAHAM: Honourable senators, when we arrive at the time of life that my honourable friend (Hon. Mr. Casgrain) and myself have reached, I think we ought to have our satchels packed all the time.

Some Hon. SENATORS: No, no.

Right Hon. Mr. GRAHAM: I certainly want to express my gratitude to the honourable leader on this side (Hon. Mr. Dandurand) for his kind reference to myself.

Our steps are not as speedy as they once were. As an elephant when crossing a river always tests the bridge with his feet to see whether it is safe, so we have to do now with our pedal extremities.

Once on his return from a trip to the Old Land Sir Wilfrid Laurier brought an Irish thorn stick for Ned Crane, of the Intercolonial Railway. Ned was an engineer—a good Irishman, like my right honourable friend (Right Hon. Mr. Meighen) and myself. Handing it back to Sir Wilfrid, he said: "Sir Wilfrid, thank ye. May Heaven be your bed, but may you be a long time out of it!" That is the sentiment I feel my right honourable friend has in his heart. I thank him sincerely, as well as the honourable gentlemen to my left, for thinking it worth while to call attention to my birthday.

Birthdays are not pleasant to dwell upon at this time of life's journey, but we cannot control them. My philosophy has always been to enjoy life reasonably without treading on any other person's toes more than is absolutely necessary to uphold our own dignity. I might say to these younger men that the way to get along is not to be afraid of advancing age, but to look upon life as getting better every year.

Thank you.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following bills were read the third time, and passed on division:

Bill I, an Act for the relief of Sonya Shenkman.

Bill J, an Act for the relief of Louise Markland Molson Blaiklock.

Bill K, an Act for the relief of Rita Constance Beatrice Gurd Rykert.

Bill L, an Act for the relief of Helen Elizabeth Ham Lilley.

Bill M, an Act for the relief of Mary Kaydouh Massabky.

Bill N, an Act for the relief of Dora Louise Gustiana York.

Bill O, an Act for the relief of Violet Charlotte Dyke Duiven.

Bill P, an Act for the relief of Irene Louise Penny McKee.

Bill Q, an Act for the relief of Esther Shapiro.

Bill R, an Act for the relief of Thomas John Howard Fox.

CANADA-UNITED STATES TRADE AGREEMENT BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from March 26 the adjourned debate on the motion for the second reading of Bill 13, an Act respecting a certain Trade Agreement between Canada and the United States of America.

Hon. D. E. RILEY: Honourable members, in speaking on the question before this Chamber to-night, I shall take up only a few moments of your time, and confine my remarks to the effect the trade treaty with the United States has already had, and may in the future have, on the live stock industry, and particularly on that part of it relating to beef cattle.

The feeding and finishing of beef cattle has in the province of Alberta become a regular business. Last fall large numbers of beef steers were put into pens and grain-fed, in the hope that a treaty would be made with the United States. On January 1, the day the treaty came into effect, a trainload of those steers, numbering 1,000 head, and weighing up to 1,600 pounds, left Calgary for St. Paul. Those cattle were finished. As cattlemen know, after a steer has been finished further feed is a dead loss to the owner. Where in Canada could those cattle be sold? The United States market was open to them. Certainly the terms were not as good as had been hoped for; nevertheless it was a ready market. The President of the United States, I believe, went as far as he could under the circumstances. The cattle netted back most satisfactory prices.

Since that time finished beef cattle have been steadily going to the United States markets from Western Canada. Although the American markets have fallen off badly since that first shipment, it is still profitable to sell there rather than in our home market. The demoralization of the American market was caused, not by the few cattle Canada shipped, but by conditions within the United States itself.

The latest returns which I have received are from a sale of High River cattle at South

St. Paul. These I received from the Secretary of the Western Stockgrowers' Association. In a letter dated March 19 he says:

I took seven loads of Rod's steers and some more for other members. It was an opportunity to get first-hand information re the American markets, and check up on Winnipeg as I returned; also on steers being purchased there to go to the Old Country. It is certainly a blessing we got one cent off to the United States. There is no doubt it raised all cattle marketed in Canada one cent.

I doubt if the trade here would have paid any more than 4.25 for Rod's steers, where I secured eight cents flat for the majority which weighed 1,290 South St. Paul, and 7.50 for the balance that weighed 1,135, netting back to him an average of 4.90 home weights, after paying all expenses. Quality and finish over there secures you the premium if any is going.

I have here a statement of a shipment that went on the 28th of February from High River. These also were heavy cattle, weighing 1,600 pounds and more. They sold for 10 cents a pound in Chicago. It costs less than 3 cents a pound to ship cattle to South St. Paul, and a little over 3 cents to ship them to Chicago. That includes the duty and all expenses.

To-day, in a Calgary paper dated the 28th, I see that fifty-two cars of cattle left Calgary for South St. Paul.

So you see that even with the low price on the American market it is still a better market than the Canadian. Another most important feature is that when cattle are ready you can send them. A carload or a trainload is sure of a market at the market price, whatever it may be. Up to the present our trade has been profitable, but on American prices depend the future prices received here. Prices of cattle fluctuate and change from day to day, from week to week and from month to month. That market is available to us when we wish to take advantage of it. But, over and above the price we receive, there is the fact that we have a competitive market which once more opens up the channels of trade, and this tends to more trade and a spirit of friendliness.

It seems to be the consensus of opinion among Alberta cattlemen that the trade treaty has raised the price of cattle at least a cent per pound. As one actively engaged in the business I quite agree in that. With the Old Country market again entering the picture, it is possible that a better time is coming for the cattle-rancher.

The honourable member for Marquette (Hon. Mr. Mullins) has been fighting the battles of the cattlemen in the other House for many years. His voice was like a voice crying in the wilderness. Nevertheless, he kept it up. I am glad that in his new environment, which I hope he will find congenial, he is continuing to keep up the good fight for the cattle industry of Canada. As he remarked when speaking on this Bill on Thursday last, the cattle industry is one of the two oldest industries of which we have any record. The other is the growing of grain.

Ever since the Western prairies came under the plough and Western Canada became the granary of the world, days, months and years have been spent in discussing and devising legislation to assist and protect the grain farmer. Further, vast sums of money have been spent for that purpose. Only a few days ago the sum of $6,000,000 was voted, to be distributed to some Western grain growers. Understand, I am finding no fault with this. This is all to the good. It is pleasing to know that our governments realize the important place agriculture plays in our national existence. After mines have been exhausted and forests denuded, this good old earth will still produce sustenance for man and beast. All this expenditure of time and money has given to the grower of commercial grain, I believe, the best legislative protection that it is humanly possible to devise. But while all this has been done for the grain growers, comparatively little has been attempted for the other branch of agriculture, namely, live stock. Not all the farmers of Canada are engaged in raising wheat for sale, but every farm worthy of the name sells a certain number of live stock from month to month, or from year to year, and every year live stock brings in more money than wheat. If half the attention had been paid to the live stock industry that has been paid to grain growing, the farmers of Canada would have come through the depression and been in better condition than they are to-day.

It is true, the late Government passed the Marketing Act in an effort to assist the producers of natural products. This Act, however, did not meet with the approval of the majority of the live stock producers, and up to the present they have had no benefit from it. It is at present before the Supreme Court. What its fate may be after it comes from that Court is problematical.

The reduction of one cent per pound on our cattle, to look at it from a purely academic point of view, may not seem much of a concession to Canada; but from the viewpoint of the rancher, who for the last six or seven years has seen the accumulations of a lifetime gradually melt away, as a result of unprofitable markets or the lack of a competitive outlet for his cattle, the opening of the American market was the opening of a

door releasing him from the economic slavery of several years. It seems to me that the opinion of ranchers should have some weight. They are delighted to have once more a competitive market.

The beef cattle herds of to-day, unlike those of the old days, are owned not by foreign companies, but by individuals, who in most cases have built them up from small beginnings during a lifetime of hard work and sacrifice. They have succeeded in producing a superior type of beef cattle and the necessary plant and equipment for that purpose. Owing to marketing conditions, many of those men are bankrupt, and unless there is some change for the better, the range cattle business will be a thing of the past.

There is a lot of talk about our export markets—the Old Country market and the American market. These, however, take only a small percentage of our cattle, while our domestic market takes at least ninety-five per cent of them. That market is, and has been for six or seven years, in a most deplorable condition, and something must be done in the way of legislation to correct the evils that already have existed too long. It is my considered opinion that the present system of marketing live stock—cattle, hogs, and sheep—on our home market has caused and is causing more unrest in Western Canada than tariffs or any other thing.

Hon. A. B. GILLIS: Honourable senators, I cannot allow this Bill to pass without making a few remarks with respect to the treaty before us. I do not intend to vote against the Bill, although there are very valid reasons which might justify me in doing so.

I listened with a great deal of attention to the speech made by the honourable leader of the Government in this House when he moved the second reading of the Bill. Usually he is very brilliant in dealing with matters of this kind, but it struck me that on this occasion he was not quite up to the mark. I presume the reason to be that he was not absolutely in favour of the measure he was advocating. He gave us a very interesting account of various attempts that had been made in years gone by to secure trade treaties between Canada and the United States. Indeed, he went back no less than seven decades to point out the benefit that Canada had received from a treaty which was in effect during the American Civil War. I think that was the only treaty he could point out that was really of any particular advantage to the people of Canada. Of course we all understand what the conditions were at that time. For four years our neighbours to the south were in the throes of civil war, and had to secure the commodities they required from the outside world, many of them from Canada. But a year or two after the close of the Civil War we found—and it has always been the case with our American friends—that as soon as they were able to produce for themselves the commodities they required they abrogated the treaty; and I think that from that day to this nothing has been accomplished in the way of reciprocity with the United States which has been of any benefit to the people of this country.

The honourable gentleman, as has been customary for the past quarter of a century, referred to the reciprocity pact of 1911. During the years since 1911, I think, I have never listened to a speech by a Liberal in which there has not been some reference to that pact. It seems therefore somewhat strange that in the agreement we are considering at the present time some of the provisions of the pact of 1911 were not included. I suppose there was an opportunity to include them.

The honourable gentleman claimed that the reciprocity pact of 1911 was defeated by the Conservative party. It is true that the Conservative party had something to do with the rejection of the treaty. There is no question about that. He was good enough, however, to state that there were a score or so of outstanding Liberals in the city of Toronto who clubbed together and assisted in defeating it. He might have gone a little further and stated that not only in the city of Toronto, but practically all over Canada, and particularly in those sections where manufacturing is carried on to a great extent, thousands of good regular Liberals joined with the Conservatives to defeat that treaty.

In 1911 the people of Canada were given details and they had an opportunity at an election of judging for themselves whether or not the terms would be beneficial for Canada. The people decided the terms would not be beneficial and they defeated that treaty. But no details at all were given out about this pact until the Bill was brought down in another place. The public had only the bald promise made by the present Prime Minister during the election campaign, that, if returned to power, he would make a deal with the United States. That promise he repeated on the platform all over the country. He was returned to power by a huge majority. Then, after he had formed his Government, he went to Washington, where he had to put his name on the dotted line. The Americans knew he had to make a deal, and in their hands he was like clay in the hands of the potter. They had him roped, for it was known at Washington

that he had to get a treaty of some kind. He had roped himself.

It seems strange that during the nine years the Liberal party were in power, from 1921 to 1930, they made no attempt to secure a treaty along the line of the much-vaunted treaty of 1911. The honourable leader of the House (Hon. Mr. Dandurand) said the other day that Sir Wilfrid Laurier made a mistake in having an election on the 1911 deal. Well, during the nine years of the Liberals' last term of office they could have put the same treaty into effect, but they evidently came to the conclusion, as did Sir Wilfrid Laurier, that it would be a waste of time to try to make a deal with Washington. It will be remembered that after his failure to make an equitable bargain with the United States Sir Wilfrid expressed his views in these words:

There will be no more pilgrimages to Washington. We are turning our hopes to the Motherland.

In a letter a few years later Sir Wilfrid expressed this view:

Our American friends have very many qualities, but what they have they keep, and what they have not they want.

And on one occasion in Parliament he said:

But I have found in the short experience during which it has been my privilege and my fortune to be placed at the head of affairs, by the will of the Canadian people, that the best and most effective way to maintain friendship with our American neighbours is to be absolutely independent of them.

Hon. Mr. POPE: Hear, hear.

Hon. Mr. GILLIS: In 1930 the King Government were at their wits' end. What did they do? They turned a complete somersault on tariff matters and swallowed the policy of protection holus-bolus.

Hon. Mr. HUGHES: A good dinner.

Hon. Mr. GILLIS: They also swallowed the policy that Mr. King, then Prime Minister, called "intra-Empire trade."

In his published appeal to electors on the eve of the election in 1930 Mr. King told Washington that by the increases which he had made in Canada's tariff he was cutting off $200,000,000 of trade that had been going to the United States, and he gave the reason why in these words:

We have made it clear to our neighbours in the United States, that, while we are anxious at all times to deal with them on fair and equal terms, we have now reached a point where we consider it to be in our interest to transfer a very considerable portion of purchasing power from the United States, which is apparently unwilling to deal with us on equal terms, to our kith and kin in Great Britain, who have given us a position of absolute equality with British producers on the British markets.

And in 1930, when introducing his Budget in the House of Commons, Mr. Dunning said:

Only one market remains—the British market.

Further on he said:

We believe that in the British Community of Nations lies the greatest measure of opportunity for mutual development of trade, because of our common heritage, kindred institutions and a common patriotism.

That is where the Liberal party stood in 1930. They were in favour of transferring trade to the extent of $200,000,000 from the United States to Great Britain. They had cut the painter between this country and the States, and boasted that they had turned their eyes and hearts towards intra-Empire trade. But what attitude did they take towards the Empire trade agreements that the Bennett Government procured in 1932? Those agreements were the most beneficial that Canada has ever obtained.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. GILLIS: They have been a greater help to the people of this country than any other scheme ever put forward. But the Liberal leaders and their followers turned another somersault. When those agreements, which are known as the Ottawa Agreements, were brought before Parliament, the Liberals to a man voted against them.

And now the Liberals have made another somersault. Once again they are trying to persuade us that the politicians who govern the United States—the politicians whom Sir Wilfrid Laurier would not trust, the politicians that Mr. King in 1930 said wanted the whole loaf—have now become benefactors, filled with generosity towards this country and eager to load us up with gifts. And Liberal leaders never have a good word for the intra-Empire agreements, which all fair-minded Canadians know have proved to be a bulwark of strength and progress for this country.

The people of Canada should keep these facts in mind while considering this trade agreement. It was signed practically under the compulsion of conditions created by Mr. King himself, and in its provisions it carries, I believe, serious menaces to the welfare of Canada.

Now I want to say a few words on some items in the agreement.

The question of securing wider markets has been a live one, particularly in the Western Provinces, for many years. In that part of the country there is a certain element of

people who are inclined to be free traders, regardless of what the results of a free trade policy might be. I do not know that they appreciate fully what effect free trade might have upon their own interests even. But they have been looking towards the United States for many years, hoping that they would be helped if the American market were opened. When this agreement was introduced they had great expectations. They are beginning to see, though, that they will not benefit to any considerable extent from it.

In this connection I want to point out, first, that the agreement does not in any respect assist agriculture. There is no benefit for wheat, barley, oats or rye, the duty on these grains remaining as it has been for a number of years. This, undoubtedly, is a serious disappointment to the people of the Prairie Provinces, where grain growing is the main industry. They were led to believe that if any agreement were entered into with the United States, the grain products of the West would receive first consideration. It must be a bitter disillusionment to them that the present agreement does not provide redress in any shape or form.

The same applies to our dairy products. No concessions of any consequence have been granted under this agreement. On the contrary, we find that under it the Canadian farmer is subject to new competition with respect to dairy products, vegetables and fruits.

As to the agitation which has been going on for many years to secure the American market, my personal opinion is that even if this market were thrown wide open to our agricultural products to-day the people of this country would not benefit to any worth-while extent. The Americans are engaged in producing the same commodities as we are, and, like ourselves, they are troubled with overproduction in some lines. Yet the Federal Government at Washington has been granting millions of dollars to assist the farmers of the United States to produce in even greater quantities. If we looked into the situation carefully we should probably find that the Americans themselves are now seeking wider markets for their own farm products. So in what respect could we benefit, even if they gave us absolutely free access for our goods?

We ought to consider above everything else the home market. I understand that we consume 86 per cent of our production. Is it not of vital interest to us to guard this market?

Honourable senators who listened to the addresses delivered by the Hon. Minister of Mines (Hon. Mr. Crerar) will recall the statements he made in regard to the development of our northern country. He pointed out, in connection with one or two of the mines, the large number of people employed and their enormous consumption of the products of this country. If the Government would vote a substantial sum of money to assist in locating gold mines and help generally the development of that northern country, it would be doing more for the people of the Dominion than it could accomplish by any other means.

Perhaps the most astonishing feature of this agreement is that although the duty on farm implements has been reduced by one-half —from 25 per cent to 12½ per cent—and we naturally expected that this would result in lower prices, at least to the extent of the cut in duty, the prices of many implements used on the farm have been increased. For example, in 1934 a binder sold for $264, in 1935 for $262. I am quoting Winnipeg prices. But we find that this year, although the duty has been cut in two, the same kind of binder is quoted at $280, some $18 higher than when the duty was at 25 per cent. So the reduction in duty in respect to farm implements has had the very opposite effect to what we were led to expect.

If we refer to the history of tariff reductions on farm implements we shall find that invariably when the duty was reduced the price went up.

The honourable senator from High River (Hon. Mr. Riley) and the honourable senator from Marquette (Hon. Mr. Mullins), both authorities on cattle, have dealt with that subject. As was pointed out by the honourable gentleman from High River, the United States has made certain tariff concessions on our cattle. There has been no reduction at all in the duty on stockers, a class of cattle very important from the standpoint of the farmers of the Prairie Provinces. In recent years drought, hail, grasshoppers and other adverse conditions have made feed comparatively scarce in Western Canada, and in many sections of the Prairie Provinces farmers had virtually to give away their cattle. The farmers of those provinces are more interested in stockers than in any other class of cattle, and it is a distinct disadvantage to them not to have received any tariff concessions in this respect.

If we compare the tariff concessions we make with those made to us, we shall find that our American neighbours have by long odds secured the better of the bargain. This is indicated by a report published in the New York Times comparing exports and imports between the two countries for December of last year and January of this year, the information being furnished from Government

records at Washington. The United States exported to Canada in December, 1935, $21,760,000 worth of goods; in January, 1936, $26,990,000—an increase of $5,230,000. By contrast, in December, 1935, Canada exported to the United States, $26,937,000 worth of goods; in January—the first month of the treaty—$22,930,000. Thus at the very beginning it is evident that Canada is not receiving a fair deal. I fear that as time goes on we shall find this adverse condition will become even worse.

We have been asked to give the treaty a fair trial, to prove whether or not it will be as beneficial to this country as is claimed by the Government. We are desirous that trade conditions should improve, and we shall be glad if the agreement brings about the advantages that have been so lavishly promised. I very gravely doubt whether these promises will ever be realized.

I shall not vote against the Bill, although I consider it weak, one-sided, improvident, and unfair to the people of Canada.

Hon. IVA CAMPBELL FALLIS: Honourable members, in rising for the first time in this House to make a few remarks upon this trade agreement, may I be permitted first of all to say that I am deeply appreciative of the honour conferred upon me by the late Government in choosing me as the second member to represent the women of Canada in this Chamber. I should like also to pay grateful tribute to all those brave souls who blazed the trail in this and other countries for women to enter political life, and through whose efforts therefore I am privileged to have a seat in the Senate of Canada.

While it is quite true that the majority of women will probably always find their keenest interest in legislation which concerns education, health, social welfare, and allied subjects, it is also true that each year sees women of this and other countries more conscious of the importance of all legislation as it affects the lives and homes of the people. To my mind, the greatest progress made in political thinking along these lines within the last few years has been recognition of the fact that the common humanity of men and women is of prime importance in relation to the State, and that they should be regarded simply as electors equally interested in all matters which pertain to the welfare of their country.

As one who has lived in both city and country in Eastern and in Western Canada, on a farm in old Ontario and on the windswept prairies of Saskatchewan, I am deeply interested in this trade agreement from many angles, most of which have been already dealt with in the course of this debate. At the present time I am privileged to live upon a farm in Ontario in a district which I think we may consider fairly representative of mixed farming in this province.

In scanning the trade agreement, among the so-called major concessions secured from the United States, we find only two which to any material extent affect people engaged in mixed farming in Ontario. The first concession is with respect to cattle. This has already been dealt with thoroughly by honourable gentlemen who have preceded me. The second concession is in relation to dairy products. The dairy farmers of this country had hoped for major concessions on milk and cream. They get no concessions whatever on milk. On cream the duty is reduced from 56½ cents to 35 cents a gallon; but that reduction applies to a quota of only 1,500,000 gallons. The smallness of this concession will be realized if we think back to 1929, when we felt we were badly off under the Fordney-McCumber tariff. At that time we shipped across the border 5,000,000 tons of cream. To-day the Government asks the dairy farmers to stand up and cheer because we are being allowed to ship 1,500,000 gallons a year.

According to the Dominion Bureau of Statistics, in June, 1935, there were 3,850,000 dairy cows in this country. So by a little figuring we find that our quota averages approximately three pints of cream per year per cow. Therefore the practical value of this so-called major concession is that every dairy farmer of Canada may, for each cow he possesses, ship to the United States three pints of cream per year at a duty of 35 cents.

But, as a practical farmer, I am interested as well in the industrial life of our country, for I fully realize the truth of what the honourable senator from Saskatchewan (Hon. Mr. Gillis) has said, that more than 80 per cent of what we produce on the farm is consumed in the home market, and so it is of vital importance to the farmers of Ontario that our industrial life should be maintained. The time has long since passed, in this province at any rate, and I should say for all Canada, when the interests of those who live in the country and of those who live in the city or town can be separated. We are interdependent. If our industrial life is thriving, if the workmen are employed steadily at good wages, they have money in their pockets with which to buy produce from the farm, their money finds its way into our pockets, and the prosperity of the city is

reflected in the prosperity of the farm. I repeat, we are interdependent.

For several days I listened to the debate on this treaty in the House of Commons. I was much impressed with the fact that, despite evidence to the contrary, members of the Government and their supporters were still arguing that invariably the lowering of tariff duties brings lower prices, and that the raising of tariff duties brings higher prices to the consumer. The illustration of agricultural implements has just been cited, proving the fallacy of that first statement. May I be permitted to give you very briefly an instance which shows the fallacy of the second statement, namely, that the raising of tariff duties raises prices to the consumer. I shall refer to a plant in my own riding, because I am familiar with the working of that plant, though what I say applies equally to other manufacturing plants throughout Canada.

We have in the city of Peterborough a plant known as the Western Clock Company, or Westclox, which manufactures many kinds of clocks and watches, but specializes in dollar watches and in the cheap alarm clock known as Big Ben. Prior to 1930 this plant, which is a branch of a parent plant in La Salle, Illinois, was running behind so rapidly that the parent company was advising its representatives here that it was almost time for them to fold their tents and silently steal back to the United States, where there was protection for their particular industry. They were suffering keenly from the competition of watches and clocks brought in from European countries, and particularly did they suffer from the importation into this country, and the assembly here, of watch parts made in countries with which you are familiar, where people work for a few cents a day. Those parts could be brought into Canada and assembled and the complete article sold for less than the cost of producing it in the plant at Peterborough, which makes not only every part that goes into the watch, but all the tools required to make the parts. However, they were persuaded to remain until after the 1930 election, in the hope that there might be a change of government and a change of policy. Both things happened. When those changes came the manager of that plant asked only one thing—that there might be a sufficient tariff duty on some of the watch parts which were being imported and assembled to bring the cost of the assembled article up to the cost of producing such an article in Canada. On that basis they were willing to compete. The concession was granted. And what was the result? Before the concession was granted there were 225 persons employed in the factory in Peterborough, averaging twenty-five and a half hours per week. To-day there are employed 404 persons, new help is being trained, the plant is working to capacity every day, and there are many times when the employees are working sixty hours a week, which means overtime. The pay-roll has increased $122,000 annually. Last summer a fine addition to the plant was completed, employing Peterborough workmen and materials, and the wages of those men and the increased pay-roll were spent in that city.

If this is what happens when we protect our industries, the reverse is true when we remove protection: men lose their positions, their wages are lost to the district, relief costs are increased, and there is less money in circulation in the community.

As a Canadian I am interested in the removal of the duty on, and the free admission of, magazines and periodicals from the United States. May I say to you that in respect of this item I am heartily in accord with the theory advanced by many of those who are supporting this treaty and this particular item, that in the development of her nationhood Canada needs the stimulating effects to be derived from competently edited magazines from other lands, particularly those from Great Britain and the United States. We do not desire to follow the example set by some European countries in endeavouring to build up a national spirit solely by the exclusion of the literature of other countries. But the legislation before us has gone to the other extreme. Surely it is unfair to tax Canadian publishers and publications and at the same time expect them to compete successfully with magazines and periodicals of other countries which enter Canada duty free. We are opening a wide field for the distribution of magazine articles, editorials and advertising written by American writers to foster American ideals and advertise American products; and in proportion as we are widening the field for that circulation we are reducing the circulation of Canadian magazine articles, Canadian editorials and Canadian advertisements, written by Canadians to foster Canadian ideals and advertise Canadian products.

One of the principal reasons why the late Government placed a duty against periodicals coming in from the United States was, in addition to the revenue it produced, to foster and preserve national unity in this country. I think you will all agree that in the development of our national life we have reached a time when each province has problems which are peculiarly its own, and that the difficulty of any Government is to satisfy the needs of one province without unduly encroaching on

the rights of the others. Physical factors increase our problems, and in spite of all that has been done since Confederation wide divergencies exist between people of different races and different creeds. If we are to foster and develop the spirit of national unity for which we are all striving, we must first of all give to our Canadian magazines and Canadian publishers a chance to compete on even terms and on a fair basis with those of other countries. I submit very humbly that no single factor will do more to foster this national unity than the wide distribution of our Canadian periodicals. Under the last Government their circulation had been increased by sixty per cent.

In closing may I say, with respect to all these problems, that from the time of Confederation there has been a desire on the part of all true Canadians to overcome these obstacles of race and creed, these differences of thought between one part of the country and another; and I am asking those who have influence with the powers that be, whether there is not some way of making amends to our Canadian publishers, and whether, if we are to allow American publications to come in duty free, there is not some way in which the burden of taxes and duties on our Canadian publishers can be lightened so that their publications may compete on an equal basis with those coming in from other lands.

Hon. Mr. CASGRAIN: May I be permitted to ask the honourable senator who has just spoken if I heard her aright when I thought she said there were five million tons of cream—

Some Hon. SENATORS: Gallons! gallons!

Some Hon. SENATORS: Tons! tons!

Hon. Mr. CASGRAIN: I am sure we have all been charmed to hear our new colleague. I thought she might have made a slip.

Hon. Mrs. FALLIS: I refer to Hansard of the House of Commons, page 557, the speech of the Right Hon. the Prime Minister, where it says:

> Reductions in duty from 56⅔ cents to 35 cents per gallon. Quota 1,500,000 gallons per year. Exports 1929, over 5,000,000 tons.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MacARTHUR: Has it struck the honourable lady senator that it might be a misprint—that a few noughts might have been added?

Hon. Mr. CASGRAIN: In money it would amount to $400,000,000.

Hon. Mrs. FALLIS: Possibly it should be gallons. I am taking it from Hansard.

Hon. Mr. MacARTHUR: A good authority.

Hon. ANTOINE J. LEGER: Honourable senators, whilst many matters could be discussed under the head of the Canada-United States Treaty, I shall confine my very few remarks to one particular matter. We have in the Maritime Provinces, and notably in the province of New Brunswick, a silver-black fox fur ranching industry which has been built up as the result of the experiments, the intelligence, the persistence, and often the failure of some of the early promoters of the industry. That industry is well established to-day, producing a commodity for which there is a steady and increasing demand. The fact that during the years of depression the price and demand for silver-black fox furs increased rather than decreased would seem to prove that the present industry is susceptible of great financial possibilities. The cost of food and labour and the capital expenditure in ranching are much less than in other branches of live stock raising. Everything would be well with this industry if the Canada-United States treaty had not missed the opportunity by admitting silver-black fox furs into Canada free of duty, though there is a fairly high tariff charged against us by the United States. Our people are very apprehensive of the results. It is perhaps more particularly apprehended that the inferiority of the silver-black fox furs coming here from the United States will not only mar our market, but will also injure the good name which our silver-black fox furs have acquired in the markets of the world. I say, therefore, that what has been done is reprehensible in the judgment of our silver-black fox ranchers and is causing them much uneasiness.

Hon. Mr. POPE: Unless someone else is ready to proceed, I move the adjournment of the debate.

Hon. Mr. DANDURAND: The honourable senator from Bedford suggests that the debate be adjourned. I would express the hope that any honourable member of the House who desires to speak on this convention should take the opportunity of doing so this evening. We have not yet been sitting two hours. In moving the adjournment of the debate my honourable friend has declared his willingness to give precedence to anyone who intends to speak.

Hon. R. B. HORNER: Honourable senators, may I take the time of the House for just a few moments? I sympathize with the honourable gentleman, but, coming from Western Canada, as I do, I think I am justi-

fied in replying to his remark that to the present day he has felt a grievance against his political opponents in 1911 for defeating what he called reciprocity. Coming from the northern part of Saskatchewan, where a large number of people whom we call "new Canadians" reside—people who possibly do not understand our political methods—I find it very hard to forgive my political opponents for preaching something that I consider to be impossible: I refer to free trade with the United States, or any arrangement that would be advantageous to Western Canada. It is impossible to secure such an agreement. I would point out, and I believe there are many who would agree with me, that the advantages mentioned as coming under the convention presented to us for ratification do not exist.

Previous speakers this evening have discussed the cattle industry. I am personally interested in the sale of cattle, and I know a number of people who have lost money in consequence of the representation made to them that the President of the United States had authority to lower the tariff fifty per cent. If honourable senators will take the trouble to look up the records of the export of cattle to the United States during the years when we were permitted to ship them there, they will find that all we have received on the average over a period of ten years is ten per cent instead of 33⅓ per cent. As has been pointed out, there is absolutely no reduction given by the present treaty on cattle from 175 to 700 pounds. The honourable senator from High River (Hon. Mr. Riley) knows that most of the cattle exported to the United States in the past have been under 700 pounds. As to the price of cattle in Western Canada, it is worse to-day than it was a year ago.

Then what about lumber? Farmers in the Prairie country have been greatly burdened because of the fact that for any building they do they have to bring their lumber from points 300, 400, 500 and even 1,000 miles away. The cost of lumber to them is $2 a thousand feet dearer than to consumers in the United States, as a result of this trade agreement. That is what Western Canada has received. The people out there have been asking for bread and they have been given a stone, so far as this agreement is concerned.

The Government should do what it can to encourage trade, certainly, but it should not start off by making a bad bargain; and I consider the present trade agreement to be a very bad bargain for the whole of Canada. There is nothing in it to benefit Western Canada especially, and if a vote were necessary I would vote against the Bill.

Hon. Mr. CASGRAIN: Honourable senators, I do not intend to make a speech just now, because I believe that we are having nothing but an academic discussion. The speeches have been very interesting, of course, but I do not think the Senate would undertake to throw out this measure. It is a kind of money bill, as I imagine my right honourable friend opposite (Right Hon. Mr. Meighen) will agree.

Right Hon. Mr. MEIGHEN: It is a process of education.

Hon. Mr. CASGRAIN: There is only one thing for us to do: vote for or against. But we have to swallow it. Everyone has his own opinion about this thing. I will not say what mine is.

Hon. Mr. DANDURAND: We are entitled to have it.

Right Hon. Mr. MEIGHEN: If the honourable senator will give us his real opinion, I can assure him of the goodwill of all this side of the House.

Hon. Mr. LACASSE: The honourable senator is committed now.

Hon. Mr. CASGRAIN: What is in my mind would probably not interest the House. It would not matter, anyway, because we have to take the agreement or leave it. So all these speeches that are being made are nothing but academic discussions. The measure is like a money bill. Personally I will go with the majority. I do not see that we can improve the agreement, and I do not know that many speeches will make it work any better.

Right Hon. Mr. MEIGHEN: It cannot be made to work any better.

Hon. Mr. DANDURAND: I understand that my honourable friend from Rigaud (Hon. Mr. Sauvé) would like to address the House.

Hon. Mr. SAUVE: To-morrow, perhaps.

Hon. Mr. BALLANTYNE: I think the honourable senator from Saltcoats (Hon. Mr. Calder) also desires to speak to-morrow.

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

SOLDIER SETTLEMENT BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 18, an Act to amend the Soldier Settlement Act.

He said: Honourable members of the Senate, this Bill seeks to extend the time for granting additional credit on payments of arrears or

instalments by the occupants of lands under the Soldier Settlement Act. The Bill repeals subsection 1 of section 73 of the Act, as enacted by section 1 of Chapter 49 of the Statutes of 1932-33. That subsection reads:

Any settler or person indebted in respect of any contract or agreement made prior to the first day of January, 1933, under the provisions of this Act, who after the thirty-first day of March, 1933, and up to and including the thirty-first day of March, 1936, makes payment in respect of any arrears or of any instalment due and payable within the said period or within one year thereafter shall, subject to the provisions of this section, receive credit toward payment of arrears or on the balance of such instalment or on any other such instalment for a further sum equal to the payment made.

As honourable senators will notice, this advantage granted to returned soldiers who settled on those lands expires on the 31st day of March, 1936. That is to-day. The Bill seeks to extend the privilege another two years, to the end of March, 1938. That is all there is in the measure.

We have had before this Chamber a number of amendments to the Soldier Settlement Act, and I am quite sure this is not the last one.

Right Hon. ARTHUR MEIGHEN: The honourable senator who leads the House explained clearly enough the purpose of the Bill, but he did not say anything in justification. I am not contending the measure should not be extended, but I should like to hear the Government's reason for asking this House to give another extension.

It is a very important concession. Since 1933 up to the present month, three years in all, every soldier settler paying the Government for land which was bought with the people's money gets credit for twice as much as he pays in, both in principal and interest. No doubt the reason which was advanced in 1933 for that concession was a sound one. Farm lands had gone down disastrously in price and in value because of the precipitate depression in prices of farm products, and a period was ahead of us when certainly recovery could not be expected in regard to either lands or products. Now three years have gone by. I cannot think that recovery has come about yet, for there was a bad blight last year; but I should think it is probably wise now to proceed year by year rather than by periods of two years. This continual largesse, not only to this class, the most deserving of all, but to other classes, is having a more demoralizing effect throughout the country than I believe the Government appreciates. I do not see how the largesse can be indefinitely continued. In fact, I know it cannot. My only suggestion is—and I am not going to press it further—that it would have been wiser to make this extension for one year instead of two years. I doubt if there is a single man in the whole class covered by the Bill who expects ever again to pay more than fifty cents on the dollar. All will be encouraged in their view by this two-year extension. I ask the Government if it has not been a little hasty in going so far as this measure proposes.

Hon. Mr. DANDURAND: I have received no brief on the Bill, and my only information is what I got from reading the debate in another place. I found a strong expression of opinion there in favour of extending the privilege farther than two years. But against that view it was argued that by the period being limited to two years an incentive would be given to debtors to take advantage of the privilege. It seemed to me that the arguments presented were on the whole rather in favour of the Bill as it is.

My right honourable friend now suggests that the extension should have been limited to one year. But it was pointed out in another place that debtors should be helped to arrange their budgets in such a way as to meet their liabilities, and that a year would be a very short time in which to do this. In fact, it was said that even two years would be too short, but after reading the discussion I came to the conclusion that the Government was quite justified in limiting the period to two years. There has been a considerable demand for the extension.

Right Hon. Mr. MEIGHEN: Certainly.

Hon. Mr. DANDURAND: Those in a better position to express the need are members of Parliament coming from the districts where the soldier settlement lands are situated. And there was not one voice raised against the extension. On the contrary, much of the argument was in favour of a longer extension.

Right Hon. Mr. MEIGHEN: I am somewhat surprised that a parliamentarian of such long experience as my honourable friend should recite as a reason for this extension the fact that members of Parliament favour it. Of course they do. In their constituencies every soldier settler, and indeed everyone else, would want the extension to go through. So what else could members do?

But the honourable senator occupies a very important position in the Government of the day. He represents those interests who fortunately are not subject to the momentary sway of popular clamour and popular

declamation. I ask him just to take anchorage once in a while and fix his mind on the direction in which this country is travelling. Let him take cognizance of portentous facts which surround us, in respect of our financial position. If we in this Chamber do not consider these things I do not know who will. For years, under both governments, this country has been steadily granting millions here, millions there, adding to millions to-day and multiplying those millions to-morrow. We are now reaching a time when things are somewhat better from the employment angle, and even from the rural angle. But on the financial end things are vastly worse; so much so as to be difficult to believe. We hardly ever stop and face the figures. It is because of this situation that I think the Government would have been wiser to give in the present Bill at least some indication that there is an end to this lane along which we have been travelling.

Hon. Mr. DANDURAND: My right honourable friend has followed from the beginning the fortunes of this scheme. In this Chamber on more than one occasion he has asked us to agree to revaluation of lands, implements and stock. And before him I myself had urged that the liability of the soldier settlers be reduced. Cuts were made by the million. Of course, we always are wiser after the event.

Right Hon. Mr. MEIGHEN: I think the revaluations were made before my time; but we did bring in the Bill of 1932-33.

Hon. Mr. DANDURAND: Some of the bills were sent to committee, where we heard representatives of the departmental branch administering the Act. Those officials were unknown to me before. I must confess I admired the work they were doing, and I have confidence in them. In the various territories were agents striving to save the millions that had been invested. It seemed to me that the officials had been well chosen. No doubt, some of them were nominees of the Government of my right honourable friend, because the Act was introduced during the time when he, or his predecessor Sir Robert Borden, was Prime Minister. The scheme was undertaken and a huge sum of money, more than $50,000,000, has been spent in the attempt to re-establish soldiers. I am quite sure that the department is doing its level best to save as much as possible of this vast expenditure.

The Bill does not call for any outlay. The money has already been spent, and now we must husband what we can as an asset. In many instances, and with respect to a large proportion of the debt, the value of the asset is very doubtful. That is why I intimated when explaining the measure that I feel it will be the duty of myself, or of someone following me, to ask occasionally for relief for some of these debtors.

Hon. Mr. McMEANS: I should like to say to the honourable leader of the House that I do not think the Bill is equitable. There are some instances of soldier settlers who have done well and are able to pay their debts.

Hon. Mr. ASELTINE: And have paid them.

Hon. Mr. DANDURAND: Oh, yes.

Hon. Mr. McMEANS: But what becomes of the unfortunate man who is unable to pay his debt? The Government gives relief to men who can bear the burden and adds to the load of other men, a load that is already too heavy for them. I should like to have this Bill sent to a committee, before which departmental officials could be called and asked for a report on each case. Where it is found that a man is struggling along in such adverse circumstances that it is impossible to pay, there probably would be no objection to an extension. But as to men who can well afford to pay, why say to them, "You will be allowed credit for twice as much as you pay in during the next two years"? I think it is inequitable in that it benefits the successful and burdens the poor man.

Hon. Mr. DANDURAND: But we are not abandoning anything by this Bill.

Hon. Mr. McMEANS: I know, but the period is to be extended for two years. My right honourable friend will remember when a Bill was transmitted to this House from the Commons to reduce the value of the land and to provide for the appointment of four or five hundred arbitrators, I objected and said there must be a better way to accomplish the purpose. The Bill was referred to a standing committee, before which officials of the department appeared and said, "We have inspected these lands no fewer than seven times, and we are quite sure we can settle, to the satisfaction of the Government and of the applicant, the reduction, if any, that should be made." That was done with respect to about 12,000 cases. Why should not the same course be followed now? I do not see why the men who inspected these lands eight or ten times cannot report on the standing of the individual farmers and their prospects. I see no reason why the burden should be placed further on the poor man, and the man of wealth be benefited. I suggest to my honour-

able friend that he find out from the department the conditions which exist, and then go over the list and deal definitely and fairly by all.

Hon. Mr. DANDURAND: I am quite sure there are in the records of the department thousands of files containing reports on individual cases by the local agents and inspectors. If the Senate desires to find out exactly what are the hopes of the department as to the collection of arrears, I have no objection to the officials appearing before the Banking and Commerce Committee to give the desired information. Of course, it does not bear exactly on this Bill, except that those officials may give the reason why they are suggesting a two-year extension.

Hon. Mr. McMEANS: They could tell us then how many of the soldier settlers are entitled to relief, and how many are in such a position that they do not require relief. They can give us that information direct from their books. Three years ago those officials had made three inspections. The soldier settlement farmer, as I have already said, who may not be so well off, has to bear the burden. As the Government can renew the operation of the Act from year to year, what is the use of making a two-year extension? I should like to know all the facts.

Hon. Mr. McRAE: Honourable senators, I am in agreement with the suggestion of the honourable senator from Winnipeg (Hon. Mr. McMeans). The advances, as the honourable leader of the House has said, run into a large sum of money. I have never been satisfied with the reports I have read from time to time, as it appeared to me, from the limited knowledge I had, that the arrears were very much greater than the reports indicated. This is an opportunity to ascertain in a general way the facts respecting these outstanding loans, the amounts involved, and what the probable loss to the country will be. I do not think we could spend a morning to better purpose than in dealing with this Bill in the Banking and Commerce Committee.

Hon. Mr. HAIG: As I read this Bill—I may be wrong—it provides for double credit on any money paid by March 31, 1938, and any money paid in 1939 is to receive the same credit. Is not that a three-year extension?

Hon. Mr. DANDURAND: The Act allows the privilege to March, 1936. If we extend it to March, 1938, that will be the maximum.

Hon. Mr. HAIG: The section reads:

> Any settler or person indebted in respect of any contract or agreement made prior to the first day of January, 1933, under the provisions of this Act, who after the thirty-first day of March, 1933, and up to and including the thirty-first day of March, 1938, makes payment in respect of any arrears or of any instalment due and payable within the said period or within one year thereafter—

That is one year after the 31st of March, 1938, which means the 31st of March, 1939.

Right Hon. Mr. MEIGHEN: With the permission of the honourable leader of the House—I think it means, not that if a settler makes payment within the year following 31st March, 1938, he is to get double credit, but that if before the 31st March, 1938, he makes payment in respect of anything due up to then, or with respect to anything due within the succeeding year, he is to get double credit.

Hon. Mr. GRIESBACH: We understood that the Board, in administering these lands, sells some to casual purchasers. Does the Bill give relief to them, or is the relief confined to soldier settlers only?

Hon. Mr. DANDURAND: I am under the impression it would cover all those in possession of lands given or sold to soldier settlers. After the Bill has been given second reading it can be referred to the Committee on Banking and Commerce, where we shall be able to hear the representatives of the department.

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: I move that the Bill be referred to the Committee on Banking and Commerce.

Hon. Mr. McMEANS: I suggest that as that committee is very busy, the Bill be referred to a special committee.

Right Hon. Mr. MEIGHEN: The Banking and Commerce Committee dealt with the previous Bill.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMeans, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill V, an Act for the relief of Ruth Fitzrandolph McMaster.

Bill W, an Act for the relief of Agnes Mercer Daniels.

Bill X, an Act for the relief of Gerald Thompson Miltimore.

ALBERTA BOND ISSUE

INQUIRY

Hon. Mr. DANDURAND: My right honourable friend (Right Hon. Mr. Meighen) asked me at the opening of the House this evening if I had any statement to make concerning negotiations between the Alberta Government and the Federal Government with respect to a loan of the province which is about to mature. Unfortunately I shall be unable to satisfy his curiosity until to-morrow.

Right Hon. Mr. MEIGHEN: There will not likely be any curiosity to-morrow.

An Hon. SENATOR: The 1st of April.

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

THE SENATE

Wednesday, April 1, 1936.

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

Prayers and routine proceedings.

PRIVATE BILLS

REPORT OF COMMITTEE

Hon. F. B. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill S, an Act to incorporate the Equitable Life Insurance Company of Canada, and moved concurrence therein.

He said: Honourable senators, the committee has examined this Bill and now submits it with one amendment. This amendment is not pertinent to the principle of the Bill.

The motion was agreed to.

FIRST READING

Bill Y, an Act to incorporate Atlantic Loan and Finance Corporation.—Hon. Mr. Duff.

ALBERTA BOND ISSUE

ANSWER TO INQUIRY

Before the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable members of the Senate, I was asked yesterday by the right honourable the leader on the other side if I could impart any information to this Chamber concerning the negotiations or correspondence between the province of Alberta and the Minister of Finance with respect to the loan of a certain amount of money to the province to meet a maturity of this day. I desire to communicate to this Chamber the correspondence which has passed between the Minister of Finance and the Prime Minister of Alberta. As it is of some importance, I think it should be laid before this Chamber. I shall run through it as rapidly as I can.

The first letter is dated at Edmonton, March 12, and reads as follows:

Dear Mr. Dunning:—

I regret very much that I am obliged to approach you again on a matter which is, I am sure, of as much concern to yourself as it is to me. It should hardly be necessary for me to remind you that there is a debenture issue of $3,200,000 falling due on April 1. I dislike very much making this approach, but the issues are so vital that I thought I had better communicate with you and let you know how far I could go in regard to this maturity.

We have in the sinking fund available on this issue $354,000, and in addition we can add to this figure $196,000, making a total of $550,000; the balance to be met, of $2,650,000, we wish you would advance to us on the same terms and conditions as applied to our January 15 maturity.

I sent you the 1936-37 provincial budget, which I doubt if you have had time to peruse. You will note, however, that we have provided for a substantial increase in revenue by additional taxation. Changing the procedure which has been followed in past years, we have dealt with unemployment relief as a current income expenditure. In view of its continuing character we feel that this procedure is sound and if our increased estimated revenue is realized and no unforeseen expenditures of any magnitude have to be met, we will be in a position to finance our share of the direct relief estimated.

Taking the budget as a whole, every effort has been put forth by this Government to meet its difficult financial situation and if our expectations are realized, we should not be obliged later on to approach your Government or to raise funds in any other manner to meet the expenditures of unemployment relief, as this Government has done in past years.

I sincerely trust that you will see your way clear to assist us in this matter, and would appreciate it if you will let the writer know, preferably by wire, whether you would desire to go into this matter, in more detail, in which event I will arrange to be in Ottawa a few days before the end of this month. It would of course be a convenience if arrangements could be made by wire, as our Legislature is in session, and, as you know, the Treasurer is at the beck and call of all and sundry.

With best regards,

Yours sincerely,
C. Cockroft,
Provincial Treasurer.

On the 17th of March Mr. Dunning answered as follows:

C. Cockroft,
Provincial Treasurer,
Edmonton, Alberta.

Your letter requesting Dominion loan to assist you in meeting April first maturity reached me simultaneously with Premier's newspaper announcement that province was

about to introduce legislation reducing interest rates on outstanding debt apparently without reference to proposed Loan Council arrangement. Announcement has already had serious adverse effect on market particularly for Western Provincial bonds and proposal if carried out would nullify all efforts already made and proposed to be made by Dominion to protect credit of the provinces and the Dominion as a whole. In view of action contemplated by province I do not see how I could justify to Parliament and the country the loan for which you are now asking.

Charles A. Dunning.

On March 19 a telegram from Mr. Dunning:

Hon. Wm. Aberhart,
Premier of Alberta,
Edmonton, Alberta.

As you know, authority to make loans or give guarantees to provinces will expire March 31. It is not the intention to ask Parliament for authority to give assistance in future in respect of maturing obligations or for general provincial purposes. Proposed constitutional amendment implies virtually unanimous approval of provinces. As objections have been raised by some provinces and as difficulties may arise in connection with early maturities we wish the provinces particularly interested to be fully cognizant of Dominion's attitude and future policy.

Right Hon. Mr. MEIGHEN: What is the date of that, again?

Hon. Mr. DANDURAND: March 19.

Right Hon. Mr. MEIGHEN: Two days after.

Hon. Mr. DANDURAND: Yes.

Believe matter sufficiently important for conference with premiers or provincial treasurers of four Western Provinces. Would it be possible for you to attend such a conference to be held next week?

Chas. A. Dunning.

The answer from Premier William Aberhart comes on the 20th of March:

Hon. Charles A. Dunning,
Minister of Finance,
Ottawa, Ont.

Impossible financially to meet our obligation April first. Alberta legislature will not complete its session until next week. Urge that arrangements be made by Federal Government for this maturity and will confer at your convenience afterwards.

William Aberhart.

Mr. Dunning answers on the same day, the 20th of March:

Hon. William Aberhart,
Premier of Alberta,
Edmonton, Alta.

Your wire to-day's date. For past five months Dominion has been making utmost effort to work out with provinces solution for financial difficulties of certain provinces. At Dominion-Provincial Conference and subsequent meetings of Financial Committee it was made abundantly clear that the Dominion cannot consider making further loans for the purpose of meeting provincial maturities and cannot possibly consent to any plan which removes from Dominion Parliament absolute control at all times of extent to which Dominion guarantees or loans shall be given. In these conferences we evolved a plan whereby provinces finding it impossible to meet existing obligations could obtain privilege of Dominion guarantee for refunding and new borrowing under a Loan Council arrangement. With unanimous consent of representatives of all provinces Dominion undertook to initiate steps to secure necessary enabling powers and after submitting proposed draft to all provinces requisite legislation has now been introduced in Parliament. In January we agreed to assist you in meeting a provincial maturity because we felt that you had not at that time had sufficient time to consider fully the nature of the proposed arrangement. As over two months have since elapsed, that reason no longer applies. It is unreasonable to assume that with a maturity coming on April first the Alberta Government has not been giving careful consideration to the problem thereby created. Yet apart from various newspaper statements reported to have been made by you we have not been made aware of your attitude to the proposed Loan Council arrangement under which Dominion guarantee would be available to the province. It may be that the views of the Dominion and Alberta cannot be reconciled, but my telegram of yesterday was intended to invite a final effort to avert serious impairment of the credit of Alberta and other Western Provinces which default on your impending maturity would inevitably cause. Regret impossible for me to suggest any other course.

Chas. A. Dunning.

In reply the Premier of Alberta telegraphed as follows:

Edmonton, Alta.,
March 21, 1936.

Chas. A. Dunning,
Minister of Finance,
Ottawa, Ont.

Quite appreciate sincerity of statements in your wire. Replying categorically. Agree Dominion has made utmost effort for last five months. Dominion Parliament certainly has right to absolute control of extent of guarantees and loans to provinces. Agree conferences discussed plan regarding refunding existing obligations with Dominion guarantee. In this regard Alberta was the first to agree to earmark certain revenues against interest upon refunded debt in accordance with federal Bill drafted March fourth, section three, subsection one, clauses A, B, C. Appreciate your assistance in meeting January maturity. Reference lapse two months we have given consideration during this period but obviously impossible to arrive at definite conclusion for reason see section one proposed Bill that Parliament of Canada has not defined the terms and conditions to be prescribed by it. We are not evading this point, but no matter what the requirements might be, you could hardly expect advanced definite commitment by any legislature on undetermined details. Failure to advise regarding Loan Council is explained in preceding paragraph. We sin-

cerely hope that the views of Alberta and the Dominion can be reconciled. We appreciate your invitation and would have gladly accepted but introduction of taxation bills and other important Acts incident to our budget made it imperative for Provincial Treasurer and self to remain here until close of session. As evidenced by her budget Alberta is doing everything possible to meet her obligations with the one objective of ceasing to be a financial burden on the Dominion. Trust you and your colleagues will give immediate and most serious consideration to the drafting of the important provisions of the Loan Council which will insure approval by our Legislature.

William Aberhart.

The Minister of Finance telegraphed the following reply:

Ottawa, Ontario,
March 23, 1936.

Hon. Wm. Aberhart,
Premier of Alberta,
Edmonton, Alta.

Your Saturday's wire. Am glad that you appreciate efforts made by Dominion during past five months to meet financial difficulties of certain provinces and also Dominion's right to absolute control of extent of guarantees and loans to provinces. I do not understand your statement that Dominion has not defined the terms and conditions to be prescribed by it under Loan Council arrangement. In meetings of Committee on Financial Questions in which your Provincial Treasurer took part these terms and conditions were fully considered and the minutes of the committee sent to all provinces describe them in all essential detail. Moreover the draft of the B.N.A. Act Amendment Bill which you have seen covers fully in legal form nature of the security to be given by province for Dominion's security. The only points that remain to be covered in legal phraseology are the constitution and powers of the individual loan councils, but the minutes referred to above should leave no doubt about these points. In brief a council consisting of representative named by the province and the Dominion Minister of Finance, with the Bank of Canada Governor acting as technical adviser, will have power to approve any program for refunding of existing provincial debt and any future borrowing by province before Dominion guarantee will be given. This is the sum and substance of the matter and I cannot conceive that there would be any controversy over details. Am glad to note that you hope the views of Alberta and Dominion can be reconciled but only a week remains for such reconciliation and as stated in my previous wires my request for a conference this week was to enable such reconciliation to be made in sufficient time.

Chas. A. Dunning.

On the same day this further wire was sent:

Ottawa, March 23, 1936.

Honourable William Aberhart,
Premier of Alberta,
Edmonton, Alberta.

The Dominion Government to-day were strongly of the view that it would not be advisable to go forward with constitutional amendment Bill, resolution for which is now on the order paper, if any of the provinces object to its being proceeded with. Would you therefore please advise me at earliest possible moment whether you object to our proceeding further with the legislation designed to implement decisions of the Committee on Financial Questions and to make it possible for any province desiring to participate in Loan Council arrangement to obtain Dominion guarantee for refunding purposes?

Charles A. Dunning.

The next day, March 24, Mr. Aberhart telegraphed from Edmonton:

Hon. Charles A. Dunning,
Minister of Finance,
Ottawa, Ont.

Will reply fully to your wires to-morrow.

William Aberhart,
Premier.

This is the reply from Mr. Aberhart under date of March 25:

Hon. Chas. A. Dunning,
Minister of Finance,
Ottawa, Ont.

Your wire twenty-third. Reference minutes provincial treasurers' meetings we consider conditions outlined inapplicable to assistance by Dominion which does not extend to entire funded indebtedness of province. Only refer to this in substantiation of position we took in our Saturday's wire. We have reviewed our complete situation and taking everything into consideration we are drafting legislation along following lines in which we hope you will concur and co-operate. We have in mind fixing an early date for the maturity of outstanding bonds bearing interest at five, five and half and six per cent and issuing approximately sixty-seven million dollars provincial perpetual stock, interest three per cent, for purpose of retiring in cash or by exchange equal total of mentioned bonds and also including all of the maturities for five or six years so that we would have no early maturities to provide for. It is not our intention to include presently outstanding Alberta Government stock. We would however include all our savings certificates. To insure due payment of interest on stock our Dominion subsidies would be charged with the payment of the interest. This plan means that the Dominion would incur no liability for the principal and would be fully protected for interest by the hypothecation of subsidies. The saving resulting from the above plus sinking fund included in our budget would on a cash basis about balance our total budget. May we reiterate request for your assistance in meeting maturity due April first to extent two million six hundred and fifty thousand dollars we providing balance? Proposed Bill provides: first, guarantee by Canada payment principal and or interest and or sinking fund in respect of present and or future securities; second, empowering Lieutenant-Governor in Council create an issue perpetual provincial stock paying three per cent interest; third, hypothecating subsidy; fourth, accelerating maturity date existing bonds, holder accepting stock in exchange in full satisfaction; fifth, to accept lawful money of Canada in full satisfaction; sixth, Act to come into force by proclamation.

William Aberhart.

To this the Minister of Finance replied by wire on the 26th:

Honourable William Aberhart,
Premier of Alberta,
Edmonton, Alberta.

Your wire twenty-fifth. Do not understand your reference to minutes provincial treasurers' meetings. It was fully understood that any province desiring to participate in Loan Council scheme could with Loan Council approval refund entire existing indebtedness under Dominion guarantee also that if any province did not desire to refund existing debt but wished to take advantage of Loan Council arrangement for future borrowing this privilege would also be available under similar conditions. You outline a refunding program which any province participating in Loan Council would be entitled to submit but such suggested program which necessarily involves highly technical matters would naturally be one for detailed analysis and working out with the expert assistance available through Loan Council. Your program does not contemplate what would be position with respect to further borrowings for necessary capital purposes. Necessity for providing means of dealing with future borrowings is obvious otherwise Dominion would be unable to effectively control from time to time extent to which its own credit would be pledged. Would also point out that I know of no existing constitutional authority under which Dominion subsidies could be pledged as provided in your proposal. Arrangements under which loans will be made to your province or guarantees given to enable you to refund existing debt have already been repeatedly made clear to you. You have not answered my question as to whether you object to our proceeding further with legislation designed to implement decisions of Committee on Financial Questions.

Charles A. Dunning.

The next day, March 27, the Prime Minister of Alberta sent this telegram:

Hon. C. A. Dunning,
Minister of Finance,
Ottawa, Ont.

Reference your wire twenty-sixth we have no objection Dominion Government proceeding with constitutional amendment Bill. Reference our request for assistance to meet maturity April first we still feel we cannot agree to future Loan Council regulations controlling future borrowings for a refunding advance of this character. Beyond recent advance we expect to go through the coming season without asking the Dominion to assist further agricultural relief. Beyond nominal capital expenditure provided in budget we have no additional ones in contemplation. Taking up maturities for some years to come with new stock issue as covered in recent wire the Dominion's assistance should not be required beyond the maturity now under discussion. In view of no existing constitutional authority to hypothecate subsidy we request Dominion to agree to guarantee interest only on proposed stock issue limited to an amount equal to subsidy payable to province. The proposed constitutional amendment would give your Government power to withhold subsidy in the event of default by provinces. We have no objections to this. Our proposal sets out the extent to which we ask the assistance of your Government and we feel that it can be carried out and that it limits your responsibility to an amount which will at all times be covered by the subsidy. In view of very limited nature of obligation which your Government would assume under our proposal we trust you will assist us in meeting April first maturity and favourably consider our request.

William Aberhart.

On the 30th Mr. Dunning replied:

Honourable Wm. Aberhart,
Premier of Alberta,
Edmonton, Alta.

Your wire twenty-seventh has been considered by Government. You state that you cannot agree to accept Loan Council arrangement. Nevertheless you ask us to assist in meeting your April first maturity and then you propose to go forward with program outlined in your previous wire involving change in maturities of and reduction of interest upon large portion of your outstanding debt. Not only would this involve unfair discrimination between holders of obligations maturing April first and holders of other securities but it would cause all the injury to provincial credit which we have been doing our utmost to avoid. Reget very much that your decisions make it impossible for the Dominion to assist you on April first. Nor can Dominion Government agree to ask Parliament for authority to give Dominion guarantee to your proposed partial refunding program under conditions outlined in your wires.

Chas. A. Dunning.

And on the same day this wire was received from Mr. Aberhart:

Edmonton, Alta., Mar. 30, 1936.

Hon. C. A. Dunning,
Minister of Finance,
Ottawa, Ont.

Further to our wire twenty-seventh if you assist us as requested to meet maturity we would agree to reimburse you to full amount from natural resources settlement as and when agreed upon. On this basis we would owe the Dominion less than any Western province. If you accept our proposal we are confident refunding plan can be carried out.

William Aberhart.

The final telegram was as follows:

Ottawa, March 30, 1936.

Hon. Wm. Aberhart,
Premier of Alberta,
Edmonton, Alta.

Your wire thirtieth reached me in House after my wire giving Government's decision had been dispatched. Your suggestion that natural resources settlement amounting to five million dollars and interest should be offset against new loan was made to me in January by your Provincial Treasurer. I pointed out to him that as in the case of Saskatchewan the natural resources award would have to be offset against debts already owing by provinces to Dominion amounting in Alberta's case to twenty-four million seven hundred and forty-nine thousand dollars.

Chas. A. Dunning.

TORONTO HARBOUR COMMISSIONERS BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 12, an Act respecting the Toronto Harbour Commissioners.

He said: The representatives of the Toronto Harbour Commissioners appeared before the Committee on Banking and Commerce, and, the Bill having been amended by the committee, they desired to consult their principals on the amendments. We have since been advised that the Bill in its present form is agreeable both to the Toronto Harbour Commissioners and the City of Toronto.

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

DIVORCE AND REMARRIAGE BILL

SECOND READING POSTPONED

On the order:

Second reading of Bill C, an Act respecting the remarriage of certain divorced persons.—Hon. Mr. Hughes.

Hon. Mr. DANDURAND: I would suggest to my honourable friend that he postpone his motion until next week or after Easter. There is important legislation yet to be dealt with by this Chamber in order that it may receive Royal Assent.

Hon. Mr. HUGHES: I am very glad to do anything in my power to facilitate the business of the Senate and to meet the general convenience. I may say that honourable members from the far East and the far West have very few opportunities of going to their homes during the session; certainly not so many as have their colleagues who live within one or two hundred miles of the capital. I cannot be here next week if I go home for Easter. So, if there is to be a postponement, I should like the Bill to be dealt with soon after the Easter recess.

Hon. Mr. McMEANS: I do not understand why the honourable leader of the Government should characterize the Bill of the honourable senator from King's as being less important than other legislation.

Hon. Mr. DANDURAND: I hope we shall be able to dispose of the Bill before the end of the session, and that the Commons will assent to whatever course the Senate may take in the matter.

Hon. Mr. McMEANS: Perhaps the Bill will never reach the Commons.

Hon. Mr. HUGHES: I cannot help how my Bill may be characterized, but I do think it is somewhat important.

Hon. Mr. McMEANS: I agree with the honourable gentleman.

Hon. Mr. HUGHES: My honourable friend from Winnipeg agrees with me. Of course, the honourable leader of the House may not share our views. I think myself that the Bill might as well be disposed of as soon after the Easter recess as may be convenient.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. HUGHES: I therefore move that the order be discharged and placed on the Order Paper for the first sitting of the Senate after the Easter recess.

The motion was agreed to.

APPROPRIATION BILL No. 1

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 24, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.

He said: Honourable members, this is the kind of Bill which generally comes to us at this time from the House of Commons. Our fiscal year ends on the last day of March, and it is very seldom that we have the advantage of passing the Supply Bill before that date. Therefore every Government has to ask for interim supply. The Bill covers a vote of $33,862,485.15, being one-sixth of charges and expenses of the public service for the fiscal year ending March 31, 1937.

It also covers for the same period a vote of $2,102,371 "towards defraying the several charges and expenses of the public service, from the 1st day of April, 1936, to the 31st day of March, 1937, not otherwise provided for, and being one-twelfth of the amount of each of the several items to be voted set forth in the schedule to this Act."

Right Hon. ARTHUR MEIGHEN: The honourable leader of the House has told us the purpose and meaning of the Bill, but not the wherefore. I quite understand why a one-sixth sweep over the whole range of Estimates was asked for before the end of the fiscal year, it being impossible to get the Estimates down and voted before that date arrived. It is the second part I should like to query further. It is an additional vote of one-twelfth, making altogether three-twelfths in respect of a certain range of items. What is the basis of distinction? The Government appears to be very anxious to get plenty of funds in relation to certain contemplated items in the Estimates.

I am shocked particularly to see one item in this favoured list, because, while not

aware of the latest sentiments of the head of the Administration, I know what his sentiments were some years ago. It will be noted that the largest item of all, $5,583,800, is for the Royal Canadian Mounted Police. In respect of that service I should think he would have the greatest reluctance in voting for even the ordinary one-sixth, but he is asking for a special vote representing three-twelfths of the total, or an appropriation three months in advance. Some further military items rather appal one also, but I am quite sure after the honourable leader of the House has completed his explanation we shall all understand it perfectly. Certainly if the Liberal Government has received any access of enlightenment on these subjects we shall be very glad to have the news.

Hon. Mr. DANDURAND: I think my right honourable friend is in error. He states that the amount is three-twelfths.

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. DANDURAND: It is not for the same items at all.

Right Hon. Mr. MEIGHEN: The first one-sixth covers everything. There is only one schedule, and the additional one-twelfth covers those items specially selected and appearing in the schedule.

Hon. Mr. DANDURAND: I am under the impression that the one-sixth, or $33,000,000 odd, does not appear in the schedule, for that covers the whole range of the Supply Bill.

Right Hon. Mr. MEIGHEN: The one-sixth would cover the items in the schedule too.

Hon. Mr. DANDURAND: They are exclusive of clause 3.

From and out of the Consolidated Revenue Fund there may be paid and applied, in addition to the amount granted therefor in the preceding section, a sum not exceeding in the whole two million, one hundred and two thousand, three hundred and seventy-one dollars towards defraying the several charges and expenses of the public service, from the first day of April, one thousand nine hundred and thirty-six, to the thirty-first day of March, one thousand nine hundred and thirty-seven, not otherwise provided for, and being one-twelfth of the amount of each of the several items to be voted set forth in the schedule to this Act.

So this is a special list in respect of which the House of Commons has voted one-twelfth. I may say that I rely on a special correspondent to keep me informed on the debates in the other House so I may know whether I can rely upon what I read in the press; though I submit there should be no objection to our securing information from the Commons Hansard. The Government asked one-sixth of the items contained in the schedule, but for some reason or other the right honourable leader of the Opposition suggested that it be reduced to one-twelfth, and this was agreed to. A similar request for interim supply will probably be made in another thirty days. The reasons for limiting the vote to one-twelfth may have been absolutely orthodox, but I do not recall what they were.

Right Hon. Mr. MEIGHEN: Perhaps the impression the honourable gentleman has gained from press reports is wrong, and possibly the other House has not embedded its real judgment in the Bill. If he will read section 2 he will find it provides for the sum of $33,000,000 odd, and describes it as follows:

being one-sixth of the amount of each of the several items to be voted, set forth in the Estimates for the fiscal year ending the 31st day of March, 1937, as laid before the House of Commons.

Hon. Mr. DANDURAND: That is the whole Supply Bill.

Right Hon. Mr. MEIGHEN: Yes. So there one-sixth of the whole Supply Bill is voted.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Therefore one-sixth is voted of all these items contained in the schedule. Then an additional one-twelfth is voted in respect of these favoured items. There may be a reason for it, but really it will take me a long time to get over the presence of this Royal Canadian Mounted Police item.

Hon. Mr. DANDURAND: I relied on the fact that in the other House there was objection to certain items carrying a vote of one-sixth, and that in consequence the Bill was amended. The logical conclusion is that they are the items in the schedule, which are to be covered only to the extent of one-twelfth. However, before the motion for third reading is made I will get the required information for my right honourable friend.

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

CANADA-UNITED STATES TRADE AGREEMENT BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion for the second reading of Bill 13, an Act respecting a certain Trade Agreement between Canada and the United States of America.

Hon. RUFUS POPE: Honourable members of the Senate, this measure, introduced by the leader of the Government, has been designated a reciprocity treaty between the United States on the one side and Canada on the other. I may say that I have inspected it very thoroughly, and while I can see the United States on the one side, for the life of me I cannot see Canada on the other. It is not a fair deal.

The honourable gentleman referred to an ancient reciprocity treaty which was in force from 1854 to the early sixties. My honourable friend knows full well that at that time, as has been pointed out by the leader on this side of the House, there was a civil war going on in the United States.

Hon. Mr. DANDURAND: I said so.

Hon. Mr. POPE: Nevertheless it is a fact; and we were able to sell to them products which they wanted and could not raise for themselves. As they had to attend to the war, they could not do very much farming, and therefore they had to buy what they required. The nearest agricultural country to them was Canada, and for a while we did a very good trade with them. But the time came when that treaty was done away with. Since that time various government leaders from Sir John A. Macdonald down have tried to make treaties with the United States, but all have failed up to the present time. On this occasion the gentleman who went down to Washington, the Prime Minister, was well known to be a very sympathetic friend of the United States of America.

Hon. Mr. DANDURAND: All of us are.

Hon. Mr. POPE: I am not. I like good neighbours, but I do not like bad ones.

Hon. Mr. DANDURAND: I am sorry.

Hon. Mr. POPE: You need not be sorry; you should be delighted that there is one man who will stand up on the floor of Parliament in your presence and, in the interest of Canada, make the facts known. The honourable gentleman knows where I come from and knows my ancestral line. He knows that my forbears were driven from the United States to Canada. They were driven through the forest and settled in the wilderness of Canada on the very spot where I am living to-day.

The United States to-day are the same kind of neighbours they always have been. In days gone by, and right up to the present time, I have been told over and over again by men in very high authority that an effort of this character is only a stepping-stone to annexation. What did Mr. Taft say a few years ago? He said, "Canada is at the parting of the ways." But we did not comply with Mr. Taft's suggestion. We did not part; we stayed right here, and still are here.

If you will examine this arrangement you will plainly see that it is all for the benefit of the United States of America. Take any item you like. Take, for instance, potatoes, or pork, or cod from the fisheries of the lower provinces. Honourable members, I presume, know as well as I do what the Secretary of Agriculture of the United States said the other day in making a speech to his people. Here it is:

> The United States Secretary of Agriculture, Hon. Henry Wallace, was quoted in the debate as holding out to American farmers that not only would they be able to find a large market for pork in Canada, but that they would also be able to participate indirectly in the benefits hitherto reserved to Canada under the Ottawa agreements. In the past couple of years the United States, in order to maintain pork prices at all, have had no alternative to destroying hundreds of thousands of hogs. Hon. Mr. Wallace now holds out the prospect of the States being able to ship its surplus pork to Canada in future. Such a development comes fortunately for the American administration since the Supreme Court in Washington has recently declared the A.A.A., under which the slaughterings were carried out, unconstitutional.

There is the position placed clearly before you by the Secretary of Agriculture of the United States.

I remember very well what happened in my own case a few years ago, when people from the United States, in order to get a market for pigs and pork, used to smuggle them across the line into the province of Quebec. They even went so far as to make arrangements with some Canadian farmers to take those pigs for a week, and call them their own, and then send them alive or dead to the city of Montreal. That went on until the customs officers discovered what was happening.

What took place prior to the putting on of duties in the last session of Parliament under Sir John A. Macdonald? As a man who was engaged in the lumber business at that time, and who had to have a carload of barrelled pork, I shall tell you. The pork had all been coming from Chicago. When the six-cents duty was imposed by Sir John Macdonald not another barrel of pork from the United States was seen in our community.

If you go across the international line to the New England States, which originally were settled by people who came from foreign lands, you will find the old farms deserted and neglected, and if you go up and down the country through the forest, as I have done, you will see the remains of stone walls built

by those settlers hundreds of years ago. What was it that drove the people away? It was the meat factories of Chicago. Is that an example that we should copy?

There have been only three important events in the history of Canadian financial affairs. First there was Confederation, when George Brown joined with us, and the people of all the provinces were brought together; next there was the National Policy; and finally there was the trade arrangement within the British Empire, all brought about by the Liberal-Conservative party, and not by the party of my honourable friend and his dodging prophets, who prophesy first and dodge when the time comes to take the responsibility. I am sure that when Mackenzie King went down to Washington he had nothing to do but sign. He was told, "Sign here," and he signed; then he went south for his health. It was a wonderful effort that he put forth on behalf of the financial, industrial and agricultural interests of Canada!

By letting in the pork which has been referred to by the Secretary of Agriculture you are going to drive us from our own home market. The quality of this pork will not be equal to ours, unless it is improved, because, as was said by the honourable gentleman from Marquette (Hon. Mr. Mullins) the other day, people in the United States do not fatten pork in the same way that we do. The feed is passed through the steers, and the pigs follow and pick up what the steers have not digested. It is very tempting to Canada to be fed on pork that comes from the manurial fields of the United States. Yet you say that I, who am raising pigs in Canada, should allow such products to come in here at a cent and three-quarters.

I do not and cannot support the treaty. I cannot even support the principle of it, because I do not believe in it or in the sincerity of it. What is the situation in the United States? There are forty-eight states, each running its own show, and you are trying to make a trade arrangement with the central Government. You cannot do it. Such an arrangement will not stand. The influence of the various states will be brought to bear when and where it is desired; therefore you cannot make a substantial, permanent agreement with the United States. Take their criminal law, for instance. A man may be a free citizen on this side of the line and a criminal on the other side. I discovered this to my very great astonishment many years ago. Yet you think that you can make an everlasting trade treaty with the people of that country. What is the use of two or three years' trade under such an arrangement? I remember what happened when the duty was lowered on lumber. I was fool enough to establish an agency and office in the city of Boston for the purpose of selling my lumber in the United States of America. You cannot establish an office without putting your hand into your pocket. It was thought that the reduction—it was not free trade, but a lowering of duty—was of a somewhat permanent character. What happened? At the end of two years up went the duty and down went my office, with a loss of hundreds of dollars. You cannot depend on the United States.

Ask the honourable member from New Westminster (Hon. Mr. Taylor) about this. He will tell you what kind of bargain you have made, a bargain benefiting one mill owned by Yankees, and timber limits in British Columbia also owned by Yankees.

It is not a fair trade arrangement. Why cast a cloud over the sun of possibility? Why prevent it from shining upon us so that we may look forward with some certainty to the future of Canada? Why should we, who consume eighty per cent of our own products, open our markets so that other people may participate in them?

There is no use in my talking any longer. I quite understand that there is not going to be a division on this question in this House. But in conclusion let me tell you one thing, honourable senators: when the time comes that there should be a vote I shall walk out of the House. Thank you.

Hon. C. P. BEAUBIEN: Honourable senators, I think the treaty before us should be examined and weighed from a business point of view, so that we might ascertain, if possible, whether or not Canada receives the equivalent, or practically the equivalent, of the advantages which it concedes. That is the first point that has appeared to me as essential to a study of the measure.

The second point we should settle is this. Even if we do not get the better of the bargain, are we better off with the treaty than we should be without it?

I am bound to say that I have a great deal of sympathy for any Government, the one at present in office as well as any of its predecessors, which has tried to enter into a trade agreement with the United States. "Ego nominor leo." They are a rich and mighty people, and are very exacting with respect to the terms of treaties.

May I make a few remarks parenthetically to illustrate what I mean? In 1921 I was requested to negotiate a temporary trade treaty with France. Our Government stipulated that I should exact all the advantages that the treaty then revoked had given us, and should concede in return nothing but the

benefits of the intermediate tariff. Now, honourable senators, the rates under our intermediate tariff have been very generously applied by Canada to imports from a great many nations. So when we offer the advantages of that tariff to any country, what we mean is that such country may have the privilege of sharing those advantages with other nations. At first I was rather nonplussed at the proposition, but this is what I said to the French Minister: "Can we not agree to a treaty in principle and have details worked out by specialists? Will France grant to Canada the best advantages that it grants to any other foreign nation? If so, Canada will extend to France concessions as great as are extended to any country other than a part of the British Empire." That was accepted in principle. But what did I find? I asked France to pull out of its vaults every treaty that it had made, and there was one entered into with the United States which gave our mighty neighbour not only every privilege that had been accorded to Canada, but, besides, special rates on a long list of items, for which extra concessions the Americans had paid nothing at all. And we were bleeding ourselves to the last drop in order to obtain advantages that we sought.

Now will honourable members allow me to submit an outline of what I consider to be the advantages and disadvantages of this treaty? I have here some statistics presented in tabular form. Let us see what Canada gets. On both sides lists of specific reductions have been made. Let us apply these reductions to a standard year. Unless we do that, they will mean nothing to us. I should be very much surprised if anyone would pretend to say exactly what beneficial or injurious results will follow to either of the contracting parties to this treaty, unless his calculations were based on the trade for a certain year. Now I thought it would be wise to adopt as a standard the year which I think was taken by my honourable friend the leader of the House (Hon. Mr. Dandurand). That is, for Canada the year ending March 31, 1929, and for the United States the year ending June 30, 1929. That twelve-months period is one with respect to which we can make a fair comparison as to trade between these two countries.

Now let us look at specific reductions and see what we get. Of course, reductions granted to us are mostly on natural products. Let us not forget that. I know that trade in natural products is absolutely essential to every country, and especially to our own. At the same time we should bear in mind that that kind of trade is not the kind which yields the largest profit. Running rapidly through this list, I see that the extent of the trade in some items with respect to which reductions are given to us is: cattle, $11,400,000; cream, $5,200,000; maple sugar, $2,300,000; seeds, $2,000,000; other agricultural products, $4,200,000; fish, $4,800,000; lumber, $38,000,000—that is a concession of importance; minerals, $5,800,000; and miscellaneous, that is, small items of all kinds, $5,000,000. The total of these is a little more than $78,000,000. But I have omitted one item, and I did so because it is, as we say in algebra, an unknown quantity: that item is whisky. In 1929 we had no trade in whisky; so we do not know what the reduction is worth to us. The maximum possible value of whisky exports from Canada is $82,000,000, because that is the value of the total quantity of matured liquor in this country available for shipment abroad. By adding this figure to the total I have already given, we get a grand total of $160,000,000. And the total value of American imports with respect to which we grant specific reductions is $166,000,000.

Before I go into details of imports from the United States, let me say this. Not only is the value of our annual exports of whisky to the United States under this treaty unknown, but the trade is certain to be shortlived. The Americans are not going to allow Canadian whisky to come into their country longer than they can help it. For the time being their spirituous liquors are not sufficiently matured and they have to buy from us, but, if my information is correct, United States laws do not require, as our laws do, that whisky shall be matured for four years before being sold. So honourable senators will see that more than half of the value of our exports with respect to which we get reductions is subject to discontinuation at any time. As I have already said, it is certain to be shortlived.

Let us glance at the imports from the United States on which we give specific reductions. The 1929 figures are: oranges, $21,000,000; other fruits and vegetables, $11,000,000; canned fruits and vegetables, 3,000,000; corn, $8,000,000, and other agricultural products, $4,000,000. Then we come to manufactured products, on which the profits are larger, and for the making of which large sums are paid out in wages. The items of manufactured goods are: farm implements, $40,000,000; machinery, $25,800,000; iron and steel, $15,700,000; household goods, furniture, and so on, $11,000,000; electric motors, $6,900,000; periodicals, $4,000,000, and other merchandise

of all kinds, $16,000,000. The total of this American trade on which we grant specific reductions is $166,000,000.

It will be seen that these figures of trade between the two countries practically balance, so long as we include among our own exports $82,000,000 for whisky; but that business, which is more than half our total, may be discontinued at any time because of the conditions to which I have already referred. Taking this into consideration, it will be seen that the concessions we give are practically twice as large as those we receive, in so far as these specific reductions are concerned.

The question is often asked whether it will ever be possible for us to get a quid pro quo for what we give to the United States.

And now I come to another feature of the treaty, under which certain items are unchanged and are fixed for three years. I want to be frank with the House, and I am bound to say that when these items are totalled they appear to make a very favourable showing for Canada. The unchanged items coming from the United States into this country are: raw cotton, $29,000,000, and other items, which I do not need to enumerate, $9,000,000—a total of $38,000,000. That seems a reasonable enough sum. But when I saw the total of our unchanged items going into the United States I was astonished, for the 1929 value of our items on which we are assured the United States will not increase the tariff for three years was no less than $227,000,000.

However, when one studies the thing a little more closely one finds the explanation for this apparently large concession is a simple one. Of that total, newsprint accounts for no less than $132,000,000. Well, as everyone knows, Americans are getting our paper below cost. That is due, I am bound to say, to the stupidity of those in our country who are responsible for the direction of the great industries manufacturing that commodity. Americans are steadily eating into our forests. Would any Government at Washington dare to pass legislation imposing a tax on newsprint? Why, the whole Press of the United States would join in protesting such action. So we see that Uncle Sam was not called upon to make a very great sacrifice with respect to that $132,000,000.

Also included in that total of $227,000,000 are pulp and pulpwood, $34,000,000. With respect to this item also the Americans would not be foolish enough to impose a tax, for our pulpwood, which they get at an extremely low price, is essential to them.

Then there is a figure of $16,000,000 for minerals also included in that seemingly big concession which we get from the United States. This item is made up of asbestos, nickel, and probably other metals which industries in the United States require from us.

Subtracting the figures for newsprint, pulpwood and minerals, which total $182,000,000, we find the value of Canadian shipments under this part of the treaty is $45,600,000. The concessions which we give are on items totalling $38,000,000. So it will be seen that the totals are virtually equal.

Now, honourable senators, I come to a concession which I consider extremely serious. The Government has given to the United States the benefits of our intermediate tariff, holus-bolus. Most-favoured-nation treatment is extended.

Hon. Mr. DANDURAND: The Bennett Government also offered that.

Right Hon. Mr. MEIGHEN: For something.

Hon. Mr. BEAUBIEN: I do not know, but I am sure that if Mr. Bennett offered that he asked a high price for it.

Honourable senators who were members of this House from 1921 to 1930 will remember that time and time again we called the attention of the Government of that day to their disguised and insidious method of reducing the tariff. The method was also a clever one, though not equitable. They brought in little bills, sometimes containing perhaps half a page of printed matter, stating simply that Canada extended to such and such a country—Italy, Czechoslovakia, and practically every other country in Europe—the most-favoured-nation clause in return for an equal advantage to Canada from the other country concerned. In every one of those countries there were a number of industries requiring favoured treatment, and our Government slashed the tariff to suit the needs of such industries. So our tariff wall was being demolished brick by brick, and a flood of merchandise from all over the world was pouring into Canadian markets, with the result that manufacturers who had been in business in this country for years and gave employment to large numbers of our citizens were unable to withstand the competition.

The situation was bad enough in 1930. What is it like now? I dare say that there is no other country in the w rld which provides such dangerous competition for our

industries as does the United States. We could perhaps meet the competition of glassware and boots manufactured in Czechoslovakia, for that country is a great distance from our market, and, so far as its boots are concerned, our people will not wear them. But every honourable member having the slightest experience of business knows that the manufacturers of the United States are competitors against whom it is virtually impossible for us to compete. This was evidenced in 1930. Before the Government of Mr. King fell from power Canada imported from the United States about $900,000,000 worth of goods, two-thirds of which, or $600,000,000 worth, represented manufactured products. At that time our competitors there had no such advantage as they are given by this trade agreement. Indeed, they needed no advantage. Honourable senators, particularly those living near the international boundary, know very well how the manufacturers of the United States used to invade our markets. Honourable members are aware that even with the present tariff it is difficult to protect our industry. I am not going beyond the truth when I say that that is common knowledge.

Let me give an instance. If we ever had a natural market for our manufactured goods, surely we had for agricultural implements. Half of our population live on farms, need agricultural implements, and buy them readily. Yet everyone knows that without protection for agricultural implements we cannot compete with the United States. That statement cannot be disputed, and for a very simple reason. If you manufacture and sell a certain number of units you can pay your fixed charges, and beyond that point as you increase your production and sales you enter the sphere of profit. Well, where we sell a hundred units our competitors in the States sell a thousand. Every business man who have substantially reduced their cost I have in mind certain of our manufacturers who have substantially reduced their cost of production per unit and increased their sales, and they have made colossal fortunes.

What was the position in 1930? The manufacturers of the United States, enjoying higher protection and greater sales volume than do our manufacturers, flooded our market with $900,000,000 worth of goods, $600,000,000 worth of which competed directly with our own manufactured products.

I do not say this disparagingly, but it has always struck me as being very strange that, traditionally, the Liberal party has in a sense always been opposed to our manufacturers. My honourable friends opposite know this to be a fact. Why is this? Is not manufacturing a legitimate vocation in Canada? Are Canadian manufacturers of negligible account? Our primary production represents a value of $1,400,000,000, and our secondary production, into which of course manufacturing enters and is much the larger part, reaches a value of $1,500,000,000. These are Government statistics and cannot be questioned. I am not far from the truth when I say that of this secondary production our manufactures represent at least $1,200,000,000, or, in round figures, $1,000,000,000. Why has the Liberal party always had a grievance against our manufacturers?

Hon. Mr. DANDURAND: Against high protection.

Hon. Mr. BEAUBIEN: Ah! that is my honourable friend's way of putting it. When, however, the Liberal party pares down protection in respect to the products of agriculture it is much more moderate than when dealing with the products of manufacture. Why this should be I have never been able to understand.

Hon. Mr. DANDURAND: The first is natural, the other is artificial.

Hon. Mr. BEAUBIEN: Very good; I am very glad my honourable friend gives me that opening. Does he know that our rubber goods are among our best selling articles in foreign trade? We produce neither rubber nor cotton. We have to manufacture our rubber goods from imported raw materials.

A few months before Sir Wilfrid Laurier died I said to him: "Sir Wilfrid, I have the greatest respect for you. Why is it that in this country we cannot agree on a fiscal policy? We have many other things to quarrel about, but why can we not agree on that? Both Conservatives and Liberals are interested in a tariff policy not only economically, but politically. Fifty per cent of our population live in cities and towns and depend directly or indirectly on Canadian industry." I never could understand why we could not agree on a fiscal policy.

Hon. Mr. DANDURAND: My honourable friend did not give Sir Wilfrid's answer.

Hon. Mr. BEAUBIEN: I am sorry. Sir Wilfrid said, "Well, I should be prepared to agree to protection for all industries whose raw materials are produced in Canada." I replied, "Sir Wilfrid, you would not go far with such a tariff policy." Think of the many commodities that we export. For instance, our sugar refiners import raw cane sugar from the West Indies and the Southern States, and export a large quantity of the refined product. If we run through the items that make up our exports we shall come to the con-

clusion that the origin of the raw materials has not a great deal to do with the matter. But even if it had, tell me, why should we deprive Canada of revenue as precious as that derived from any industry employing large numbers of men? Whether or not we import our raw materials, their manufacture gives our people a full dinner pail every day.

But I come back to 1930. When the Liberal party retired from office we were importing, as I have said, about $900,000,000 worth of goods a year from the United States, two-thirds of which, or $600,000,000, represented manufactured products. Fifty per cent would be generally regarded as wages. Therefore it may be truly said that we paid $300,000,000 to the workers of the United States for the production of goods which we might just as well have produced in this country, and we could have paid that sum in additional wages to Canadian workmen.

Our manufacturing industry could not compete with the United States under the tariff protection existing at the time. Very earnestly I ask, what is going to happen to our manufacturing industry now? I put the question to honourable senators on both sides of politics. We must be vigilant, and directly we find this treaty is working against the welfare of Canada we must urge the Government to denounce it by virtue of the proviso for cancellation after the expiration of a period of thirty days. Thank goodness, we have that remedy in our hands. At this critical period, just after they have started to employ more men, are we to witness our industries again reducing the number of their employees?

But that is not all. In 1930, when the Liberal Government fell from power, we were faced with a very large unfavourable balance of trade. The goods we buy must be paid for by the goods we sell. At that time Mr. Bennett did all he could to close the breach. He brought down an emergency tariff, but that was not sufficient, and he even used gold as a commodity to the amount of $78,000,000 a year. That, too, was insufficient, and the best Canada could do was to close the year of trade with the United States with an unfavourable balance of $19,000,000. I ask again, what is going to happen now that the United States are to have the advantage of the tariff concessions under this trade agreement? Formerly, without this help, they were able to sell to us annually goods to the value of about $900,000,000. The least we may expect is that before long our neighbours will be again selling us $900,000,000 worth a year of goods such as, for the most part, we now produce in this country. Let us not forget that from 1921 to 1930 we were able to sell our manufactured products in the markets of the world, so that our favourable balance in those markets enabled us to pay our unfavourable balance to the United States.

Hon. Mr. DANDURAND: That is quite orthodox.

Hon. Mr. BEAUBIEN: I am not going to enter into a discussion of fiscal orthodoxy lest I weary the House. I just want to utter a word of warning. When this trade agreement was under discussion in the other House it was said, the proof of the pudding is in the eating. Well, under this treaty we may be eating our own substance. If so, I trust we shall soon know it. What is going to happen when we find ourselves with an unfavourable balance of trade with the United States to the tune of $400,000,000 or $500,000,000 a year? How are we going to pay our debts? My honourable friends opposite are, I know, anxious for the welfare of the country. As soon as they find that the credit of the Dominion is menaced, they have but one thing to do. I hope they will not do it too late. The Government will have to give notice to terminate the treaty. In other words, we shall have to take back our marbles and play elsewhere.

I believe it was a blessing in disguise that in 1930, because of the United States continually increasing their tariff against our goods, we had to look elsewhere for markets. I know how difficult it is for Canadians to establish commerce with other countries, for I have had enough to do with the expansion of Canadian trade. I know, too, how our manufacturers hesitate to establish agencies in foreign lands. It is not easy, and it is expensive, and very often there is nothing to show for the outlay but worry and considerable losses. After all, it requires a rare degree of stamina to conquer markets that are far away. But let us realize that it has this great advantage, that all our eggs are not in one basket, and, furthermore, we are not exposed to the risk of interruption of our commercial relations with those countries.

Our trade with Great Britain since 1932 has gone far to save the credit of Canada. If we have at present a favourable balance of trade of $225,000,000, we owe it in great measure to our commerce with the British Empire. But notwithstanding the protection which our manufacturers have enjoyed for the last year, in 1935 we have had to take from that surplus no less than $44,000,000 to offset the unfavourable balance of our trade with the United States. If that is the case when conditions are so much in our favour,

what is going to happen under the operation of this treaty?

Let me conclude with this very sincere wish, which, it seems to me, should be the wish of every Canadian. Let us forget the differences there may be between us, and the political ambitions back of those differences —ambitions prevalent in another place, not in this House, I hope—and let us consider our economic policy apart from and above all political ideas, principles, and particularly ambitions. This treaty, I very much fear, will work harm to Canada. We shall again see our workmen taking the road to the United States. True, the hardships we have gone through have had one good result: our people who before the depression turned their faces southward have come back home again. We have had to feed them, of course, but we have had them with us. If conditions in the United States improve, and if our workmen have no work here and no pay envelopes on Saturday by reason of the fact that our industry has been transferred across the line, the exodus will begin again and we shall see the trains and station platforms packed with our workmen going to the United States. We shall see not only workmen, but farmers, with their poor, mean furniture, setting out for the United States by thousands because people in this country cannot buy their products. I do not want to revert to the past. My honourable friend knows how terribly true is the picture I have drawn. Now that we have experience to guide us, let us ascertain how this treaty is going to work, and let us stop it as soon as we find that it is detrimental to the life and welfare of our country.

Hon. W. A. BUCHANAN: Honourable senators, I had not intended participating in this debate, but after listening to the honourable gentleman who has just taken his seat, I felt that some attempt should be made to answer the question which he asked with respect to the reciprocity agreement on two or three occasions, namely, "What does it mean?"

During the last week or so I have tried to establish what it actually does mean, and to determine whether or not it is of any value to Canada. On going over the trade returns for the first two months under the trade agreement I found that the situation was somewhat like this. Imports from the United States in the month of January, 1935, amounted to $23,157,000, and for the month of February in the same year to $23,489,000. The figures for the same two months in 1936 were as follows: January, $26,285,000; February, $25,975,000; or an increase of direct imports from the United States of more than $5,000,000.

But what about exports from Canada to the United States? In January, 1935, they amounted to $17,529,000, and in February of the same year to $15,574,000. In January of 1936 they amounted to $20,130,000, and in February to $21,555,000; an increase of about $8,000,000.

I know the response of those who are criticizing the agreement will be that there has been an improvement of trade despite the reciprocity agreement. There has been a gradual improvement for six or twelve months, but as far as the particular articles affected by this agreement are concerned, I find upon comparing this year with last year that Canada has been benefiting to a considerable degree.

Right Hon. Mr. MEIGHEN: Would the honourable gentleman permit me? Has he figures before him to show how much of the increase of our exports is due to the increased export of newsprint and pulp, which are not affected by the agreement at all?

Hon. Mr. BUCHANAN: I am coming to the point of the items mentioned in the agreement, to show the increase that has taken place there. For the first two months of 1935 we shipped to the United States cattle to a value of $367,000; for the same months in 1936, under the agreement, we shipped to the United States cattle to a value of $1,124,000, or almost three times as much. Alcoholic beverages a year ago amounted to $1,058,000 for the first two months, and for the same two months of this year to $3,451,000. The value of fish exported to the United States for the first two months of 1935 amounted to $1,689,000; for the same two months of 1936 to $2,195,000. Planks and boards amounted to $760,000 in the first two months of last year, and to $1,370,000 for the first two months of this year.

Now, I am going to be fair and give the trade returns in so far as imports from the United States are concerned. Machinery imported for the first two months of 1935 amounted to $2,311,000; for the first two months of 1936 to $3,594,000. Farm implements were imported during the first two months of 1935 to a value of $517,000; during the first two months of 1936 to a value of $744,000. The imports of furniture for the same two months in 1935 amounted to $271,000, and in 1936 to $329,000. Fruits were imported to a value of $1,323,000 in 1935, and in 1936 to a value of $1,682,000.

I give these figures to show that in the first two months the agreement has been of benefit.

I am prepared to admit that the agreement has not measured up to my desires, for I should have liked to see it extended to a much greater degree, but I am prepared to say that it shows the possibility of developing trade; and if in the development of trade we are increasing the purchasing power of the producers of Canada we are going to do something towards reviving industry throughout the country.

When I hear advocates of high protection for our manufacturing industries, no matter where situated, I often wonder whether they would advocate a prohibitive or almost prohibitive duty against coal coming into this country from the United States. If such a policy were adopted, what would it mean? It would mean the employment of thousands of coal miners in British Columbia, Alberta and the Maritime Provinces, who are now unemployed. But we of the West do not come to the East demanding that coal should be protected in order that the coal mining industry of Western Canada may thrive. We believe that the manufacturing industry should be assisted to a certain extent, but that if we maintain a high tariff and prevent our primary producers from getting rid of their surplus products in the market to the south and in the markets of Europe, we are interfering with the prosperity of the very industries which to-day demand protection. What has been the matter with our transportation companies of recent years? They have lacked business. If they had been moving the vast quantities of wheat moved by them in former times they would not have been complaining, or laying off the hands they have been forced to lay off, for in addition to carrying wheat they would have been moving to the Prairie Provinces and British Columbia products of the world and of the factories of Eastern Canada.

I feel that there are in this country certain strong groups which are trying to find a solution of our problems by other means than tariffs. The present state of unrest is due to dissatisfaction with existing conditions, and I think that we all might make a sacrifice in some form or other to revive prosperity throughout the country. We should not adopt the selfish view that manufacturing industries must be protected to such a degree as they have been in the past. If we are going to build trade throughout the world we must be prepared to make concessions, and I can see that if we fail to do so movements similar to the one in the province of Alberta will spread, and spread rapidly, throughout the Dominion.

I feel that this treaty is simply an attempt to break down the tariff barriers between two countries on the North American continent. If we can show by example to the rest of the world the desirability of reducing tariff barriers in order that trade may be revived, it will be something of which Canada should be proud. If the reduction of trade restrictions were adopted throughout the world it might very readily effect a restoration of the conditions that existed prior to 1930.

Hon. O. TURGEON: Honourable senators, while it is not my intention to delay you for long, I should like to express my sincere admiration of the trade agreement which is now under discussion. Ever since 1866, when the former treaty with the United States came to an end, the promotion of international trade, more particularly between this country and our worthy neighbour to the south, has been one of the ambitions of my life. While still in college in Quebec I was very much disappointed at the termination of the treaty in 1866, for the sentiment of the people was all in favour of its continuation. When I crossed the boundary into New Brunswick I found a similar sentiment prevailing, and the hope was expressed that the treaty would be restored. No one was more affected and disconcerted than myself by the defeat of the Laurier-Fielding treaty of 1911, for I considered that it would bring prosperity to Canada. On the return of the present Prime Minister, the Right Hon. Mackenzie King, from Washington last December, I hurried to express to him my appreciation of his great success in the framing of a treaty which would ensure to the Canadian people an era of progress and prosperity—an era which I hope I shall be able to contemplate for many years to come.

I have read with great pleasure and interest the speech of our leader in this House (Hon. Mr. Dandurand). I highly appreciate every one of his remarks.

I desire to express my sincere appreciation of the independent and wise attitude which the right honourable the leader on the other side of this Chamber (Right Hon. Mr. Meighen) has taken on such questions as tariffs and taxes when he has spoken of them as being matters beyond the actual authority of this Chamber once they are supported by the vote of the people and of the members of the House of Commons. The right honourable gentleman has found fault with some of the details of this treaty, many of which I believe will be modified as time goes on. I was delighted, however, with his declaration: "We all, I believe, can cordially say we like

the direction in which the treaty moves,"—a declaration which was heartily applauded by the honourable senator from Saltcoats (Hon. Mr. Calder).

Yes, the treaty is a step in the right direction, and the population of every province in this Dominion will soon be able to enjoy its benefits. British Columbia, which possesses as much standing timber as all the other provinces combined, is already enjoying its benefits: many lumber mills which had been closed for some years have been put into operation, and the population is happy.

A great deal has been heard about the Prairie Provinces. I leave it to members living in that part of the country to express their appreciation of what has been accomplished by the treaty.

From the province of Quebec there come hearty expressions of appreciation of the productivity which already has resulted from this agreement. I have here a statement that the province of Quebec rejoices at the adoption of the treaty, and will profit particularly by the concessions which have been made respecting lumber, newsprint, and so on. Under protection the industry was going down very rapidly.

The Speech from the Throne delivered at the opening of the session of the Legislature in Prince Edward Island the day before yesterday approves of this treaty with the United States. It says:

> Although this treaty has been in operation for only a short time, it has already conferred great benefits upon the producers of our province in many directions.

Ontario, like the other provinces of the Dominion, will benefit from the treaty. In every province, I may say, prosperity has already increased, and the people are preparing for better conditions.

There is one provision which has been referred to many times, namely, that the most-favoured-nation treatment can be modified according to the wish of Canada. This is a very great advantage.

Time will settle many questions that are now in doubt. Expansion of trade secures prosperity. It keeps the wheels of industry turning and creates employment. The greater the volume of exports and imports the greater is the traffic on our railroads. Sales that we make abroad pay for goods that we bring in. The railroads require more employees, more money is put into circulation and the people as a whole benefit. I believe that by the time we return to our places here next year we shall all feel that this treaty has proved to be in the best interests of the country.

I thank you, honourable senators, for your kind attention.

Hon. Mr. SAUVE: Honourable senators, I would move the adjournment of the debate.

Hon. Mr. DANDURAND: May I ask if my honourable friend is the only one who intends to discuss this Bill to-morrow?

Right Hon. Mr. MEIGHEN: So far as I have heard. I do not know.

Hon. Mr. DANDURAND: If any other honourable senator desires to speak this afternoon, there is time yet.

Hon. B. F. SMITH: Honourable members of the Senate, perhaps I might be allowed to take advantage of this opportunity to make a few observations with respect to the Bill before us. It would be most unfortunate if the idea were broadcast throughout this country that either of our political parties was opposed to a fair measure for reciprocal trade with the United States. Both parties seem to have been willing to support such a measure ever since the cancellation of the treaty of 1866, to which the honourable leader of this House referred when speaking to his motion. I was greatly interested in his review of efforts that have been made by both political parties on different occasions to bring about a satisfactory agreement.

If I have any criticism to offer to-day it will be, not of the fact that an arrangement for reciprocal trade with the United States of America has been entered into, but rather of some of the terms and their effect upon the constituency which I had the honour of representing for a great many years in the other Chamber. That constituency is in New Brunswick and runs parallel with the state of Maine for a distance of about one hundred and fifty miles. For long years down there we and our American neighbours have enjoyed the fullest measure of reciprocity in matters spiritual and social. Our young men have gone across the line, married American girls and brought them into Canada; and young Americans have come into our country, married Canadian girls and taken them back to the States. It is not an uncommon thing on Sunday to see automobiles from the American side of the border lined up in front of our churches, nor is it at all unusual to see Canadian automobiles parked outside American churches. I can jump into a car at my home and within twenty-five or thirty minutes be at Caribou, Fort Fairfield, Presqu'île or Houlton, all of

which are thriving towns in the state of Maine.

My purpose in rising is to call the attention of this Chamber to the unfair way in which one of the chief industries of that part of New Brunswick in which I live has been treated under this trade agreement. We have always looked forward to the time when we might have a mutual trade arrangement with the New England states, whereby we could exchange natural products of New Brunswick on the markets of Boston, New York and other places which we could so easily reach by either rail or water. Speakers preceding me have told of the different United States tariffs that were put into effect from time to time, until duties against our goods entering the American market became almost prohibitive. Other countries also raised their tariffs against us, until it was absolutely impossible to dispose of our surplus production abroad. In those circumstances there was but one thing for the people of Canada to do, and that was to turn to the only friendly market remaining available. The door to that market stood ready to be opened at any time. By making reasonable trade arrangements with the Mother Country we were able to receive in a vast market a preference of great benefit, which has inured to the prosperity of our people, more especially the primary producers. I think that all who have impartially observed the result of the trade agreements with Great Britain must have reached the conclusion that from a financial standpoint those arrangements have been the salvation of this country during the last few years.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. SMITH: I quite disagree with my honourable friend from Marquette (Hon. Mr. Mullins), who said he did not find the atmosphere of this Chamber congenial. I want to say that since I have been here my relations have been very happy indeed. It is a pleasure to be associated with honourable members who are removed from the odium of political partisanship and can stand up and express their sincere convictions.

Hon. Mr. MULLINS: I must correct what my honourable friend is saying. I did not make the statement he attributes to me.

Hon. Mr. SMITH: I would suggest that my good friend read Hansard to find out just what he did say. I am sure he did not mean to create the impression that he was feeling unhappy over here, but he did say that honourable senators would have to speak louder or he would become so lonely that five years from now he would go back to his seat in the House of Commons.

Hon. Mr. MULLINS: That is different.

Hon. Mr. SMITH: I am very glad to make the correction.

Hon. Mr. LAIRD: The honourable senator from Marquette (Hon. Mr. Mullins) is not going back.

Hon. Mr. SMITH: It does seem to me, honourable senators, that a great deal of time is wasted in the House of Commons by useless debate. In the last five years I listened there to speeches, one after the other, which were simply repetitions. I used to feel that there was nothing of value I could say, because my own ideas had been expressed so many times, and much better than I could express them. It is true there are a great many people throughout Canada who have an impression that the Senate is a useless body. But I have long been of the opinion that it is one of the great safeguards of our constitutional rights. And I am convinced that if there has ever been a time in the history of our country when this House should protect those things it is supposed to protect, such a time is the present. Let us not be divided along political lines here. It is true that on one side or the other there is at times a majority sufficiently large to carry or defeat any measure, but we should put thoughts of that kind out of our mind and strive to deal with questions from the point of view of the interests of our people and institutions. It seems to me that if any member of this honourable body believes that the object of a measure presented for our consideration is calculated to work against those interests, he or she is in duty bound to rise and express that conviction frankly.

Now I want to come back to the way in which the potato industry, which is of tremendous importance in that part of New Brunswick where I live, has been affected by this treaty. Perhaps no industry has been of more value to our people there during the last twenty-five years. I have been engaged in the business for some forty-odd years and know something about the conditions we have had to fight from time to time, and the obstacles we have tried to surmount. I say to honourable members that we often have looked longingly at the American market and wished we had an opportunity of disposing of some of our product there. What has this agreement done for our potato business?

Hon. Mr. DANDURAND: I admit it is not as good as the treaty of 1911.

Right Hon. Mr. MEIGHEN: It is no good at all.

Hon. Mr. SMITH: My friend the honourable leader of the Government has made considerable reference to the treaty of 1911.

Hon. Mr. DANDURAND: It permitted free entry of your potatoes into the United States.

Hon. Mr. SMITH: In his speech the other day my honourable friend criticized the people of Canada somewhat for rejecting that treaty. He reviewed efforts that had been made to bring about a satisfactory reciprocal arrangement from the time of the American Civil War, and he wondered why the agreement of 1911 was not acceptable to Canada. May I remind him that while the American markets were barred to us we were building a nation of our own. We were no longer in swaddling clothes. Nor could we any longer be described as hewers of wood and drawers of water.

Hon. Mr. BEAUBIEN: Hear, hear.

Hon. Mr. SMITH: We had built a transcontinental railway from East to West and were not as desirous of American trade as we formerly had been. Besides we knew from experience that even if we did make a satisfactory reciprocity arrangement with the Americans it might be abrogated at any time, and a large part of the business of the country would consequently be disrupted.

Now, honourable senators, let me point out how the present trade agreement affects my province with respect to potatoes.

A number of years ago the provinces of New Brunswick and Prince Edward Island used to export a large quantity of potatoes annually to the island of Cuba. It has been asserted from time to time that because of the policy of the late Government that trade arrangement was prejudicially affected. The assertion is absolutely at variance with the facts. The policy of the late Government had nothing to do with the policy of the Government of Cuba in framing its tariff against Canadian potatoes. That tariff was framed in 1928 or 1929—before the Government headed by Mr. Bennett took office.

Up to that time it was not uncommon for New Brunswick to ship to Cuba, through the port of Saint John, from 50 to 75 cargoes of potatoes. This meant a great deal to the development of the port and to the workmen of the city of Saint John. I very well remember, away back forty-one or forty-two years ago, when the citizens of Saint John taxed themselves heavily in order to provide facilities so that the port could take advantage of the markets of the world. Again in 1895 they taxed themselves to the extent of $450,000 in order to facilitate export shipments. The old Beaver Line boats, in 1895 or 1896, were the first to engage in the export trade out of the port of Saint John. That developed into a very profitable trade.

When it became unprofitable to raise sugar the Cuban Government turned towards the production of potatoes, and conceived the idea of imposing a high duty to protect its own growers. It did impose virtually a prohibitive duty on table stock. It did not place any duty against seed stock, for this stock was needed by the growers of Cuba.

At the same time, under the Hawley-Smoot tariff, a duty of 75 cents per hundred pounds was imposed on our table stock entering the United States. Our farmers in New Brunswick pack their potatoes mostly in barrels. A barrel of potatoes weighs 165 pounds. So on the basis of 75 cents a hundred pounds the duty is equivalent to $1.25 a barrel. As I have said, with only an imaginary line running between us and Maine, one of the greatest potato-growing states of the Union, we find ourselves in direct competition with its farmers. I ask honourable senators how they can expect the farmers of New Brunswick in particular, and the farmers of Canada generally, to compete with the farmers of the state of Maine. How can they be expected to get into the American market when they have to pay a duty of $1.25 a barrel, or 75 cents per hundred pounds? When my good friend the Prime Minister went down to Washington and made this trade agreement with President Roosevelt, out of the goodness of his heart he allowed American potatoes to come into this country free of duty. While the farmer on the other side of the line enjoys that privilege, our farmer in New Brunswick, who must spend just as much as his rival for farm machinery, labour and other requirements, has to pay $1.25 a barrel to get into the Maine market.

One has only to walk along Bank street in this city, as I do, to see already the effect of this trade arrangement. American potatoes which have entered this country free of duty are being sold to the citizens of Ottawa to-day. Yet if our farmers want to send a barrel of potatoes to the American market they must pay a duty of $1.25.

True, the United States made some concession on seed potatoes. But let us examine that concession for a moment. The duty was just the same as on table stock, 75 cents per hundred pounds. It has been reduced to 60 cents. One would have thought Prime Minister King would have said to President Roosevelt, "Here, if we are going to allow your potatoes to come into our country free,

surely on our potatoes going into your country you should give us the full advantage of the 50 per cent concession which you are empowered to grant." But no. Our Prime Minister simply said, "We will let your potatoes enter Canada free, and we will only ask you to reduce your duty on our seed potatoes to 60 cents per hundred pounds."

Hon. Mr. BALLANTYNE: On a quota basis.

Hon. Mr. SMITH: Yes, on a quota basis. After the 1st of March that duty is to be reduced to 45 cents per hundred pounds. But do honourable senators appreciate the significance of this reduction? Seed planting in the Southern States is completed by January or at latest by February. Therefore it will be seen that this concession is of very little benefit. This season we have shipped to the United States from Nova Scotia, New Brunswick and Prince Edward Island 1,336 cars of seed potatoes; last season we shipped 1,366 cars—or 30 cars more than we have sent since this trade agreement went into effect. That is the situation.

I had expected my good friend from Antigonish (Hon. Mr. Duff) to speak of the wonderful improvement in the fish trade by reason of the privileges granted to his province by this so-called reciprocal trade agreement. I had expected also that my honourable friend from Prince Edward Island (Hon. Mr. Sinclair) would tell us just how the farmers of the Island feel with reference to this same arrangement. I listened recently in the other House to the honourable member for the city of Saint John state that the people of New Brunswick were 100 per cent behind this treaty. At the same time he must have known that various boards of trade in New Brunswick had passed resolutions protesting against it so far as it affects the potato industry. Indeed, those resolutions were before him at the time. He knew very well that representations had been made to the Minister of Agriculture at Ottawa. I knew it too. Therefore it did seem to me rather peculiar that he should make a statement so contrary to the facts.

The value of this trade arrangement will, to my mind, be measured at the expiration of three years by the money that goes from this side of the line to the American side, and the sum that comes from the United States to Canada. If the result is that the wage earners of this country are deprived of the money which enables them to fill their dinner pails, and it is placed in the hands of American workmen, then, I submit, the people of Canada will become tired of the arrangement and will voice their resentment in no uncertain sound.

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

PRIVATE BILL

SECOND READING

Bill T, an Act respecting the Pension Fund Society of the Bank of Montreal.—Hon. Mr. Lemieux.

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

THE SENATE

Thursday, April 2, 1936.

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

Prayers and routine proceedings.

SOLDIER SETTLEMENT BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill 18, an Act to amend the Soldier Settlement Act, and moved concurrence therein.

He said: Honourable senators, the committee has examined this Bill and now submits it with one amendment.

The motion was agreed to.

THIRD READING

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

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

PRIVATE BILLS

ST. LAWRENCE AND ADIRONDACK RAILWAY COMPANY BILL—REPORT OF COMMITTEE

Right Hon. GEORGE P. GRAHAM presented the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill F, an Act respecting the St. Lawrence and Adirondack Railway Company, and moved concurrence therein.

He said: The committee has examined this Bill and now begs leave to report the same with amendments. These amendments are made to bring the railway company under a certain section of the Railway Act. The com-

pany thought it was already subject to the section, and accepts the amendments.

The motion was agreed to.

THIRD READING

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

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

OTTAWA AND NEW YORK RAILWAY COMPANY BILL—REPORT OF COMMITTEE

Right Hon. GEORGE P. GRAHAM presented the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill G, an Act respecting the Ottawa and New York Railway Company, and moved concurrence therein.

He said: Honourable members, the committee has examined this Bill and now submits it with amendments similar to those made to Bill F.

The motion was agreed to.

THIRD READING

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

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

GOVERNMENT ANNUITIES

SPECIAL COMMITTEE APPOINTED

Hon. Mr. BLACK moved:

That the following senators, namely, Calder, Côté, Fauteux, Green, Horsey, Murdock, Raymond, Robinson and the mover constitute the Special Committee appointed to consider and report upon the operation of the Government Annuities Act.

The motion was agreed to.

APPROPRIATION BILL NO. 1

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 24, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.

He said: Honourable members of the Senate, I told my right honourable friend yesterday that I would give him some further explanation concerning this Bill. When he suggested that the third clause added one-twelfth to the one-sixth, he was right. He was surprised to find an item of $5,583,800 for the Royal Canadian Mounted Police, but I draw his attention to the fact that it is only one-twelfth of that amount which is being asked. Of course my right honourable friend will be at liberty to use his discretion in discussing this item when it comes to us with the main Supply Bill.

Right Hon. Mr. MEIGHEN: I have no objection to the item.

Hon. Mr. DANDURAND: As the item appears, it would seem that the whole amount is being asked for. This is not so; it is only one-twelfth.

Right Hon. Mr. MEIGHEN: I was only marvelling at the access of enlightenment on the part of the present Prime Minister.

Hon. Mr. DANDURAND: Of course I do not know what the remark covers, or to what statement or state of mind it refers. We may discuss that when the remainder of supply comes before us.

Right Hon. Mr. GRAHAM: It has no cash value.

Right Hon. Mr. MEIGHEN: The essence of the point I was making was that the amount asked for is one-sixth of the whole plus one-twelfth of a part. My honourable friend's idea was that it was only one-twelfth of that part, but he now sees that it is three-twelfths, the one-twelfth being in addition to the one-sixth. Was this one-twelfth put in as a consequence of a complaint by the Leader of the Opposition? If so, he was certainly misled.

Hon. Mr. DANDURAND: I suppose the explanation was given in the other House. The only explanation I can give is that in the first month of the fiscal year the expenditure on these items is generally larger than it is throughout the following months. That is why one-twelfth more is needed.

Right Hon. Mr. MEIGHEN: I just want to ascertain whether the honourable member can assure me that the Leader of the Opposition was not misled.

Hon. Mr. DANDURAND: I do not suppose he was, for I think he stated yesterday that one-sixth applies to all these items—

Right Hon. Mr. MEIGHEN: All these items?

Hon. Mr. DANDURAND: —so it was reduced to one-twelfth.

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

PRIVATE BILLS

THIRD READINGS

Bill D, an Act respecting the Northern Trusts Company.—Hon. Mr. Haig.

Bill H, an Act respecting the Trust and Loan Company of Canada.—Hon. Mr. Coté.

EQUITABLE LIFE INSURANCE COMPANY OF CANADA BILL—THIRD READING

Hon. Mr. LAIRD moved the third reading of Bill S, an Act to incorporate the Equitable Life Insurance Company of Canada.

Hon. JOHN T. HAIG: Honourable senators, I move, seconded by the honourable senator from Marquette (Hon. Mr. Mullins), that the Bill be not now read a third time, but that it be further amended as follows:

Page 2, lines 25 to 36, both inclusive. For clause 9 substitute the following:—

9. This Act shall come into force on a date to be specified by the Superintendent of Insurance in a notice in the Canada Gazette. Such notice shall not be given until this Act has been approved by a resolution adopted by at least two-thirds of the votes of the members of the provincial company present or represented by proxy at a meeting duly called for that purpose nor until the Superintendent of Insurance has been satisfied by such evidence as he may require that such approval has been given and that the provincial company has ceased to transact the business of insurance or will cease to transact such business forthwith upon a certificate of registry being issued to the company.

I may say that the honourable senator who sponsors the Bill (Hon. Mr. Laird) is in favour of my amendment.

Hon. Mr. BEAUBIEN: What is the purpose of the amendment?

Hon. Mr. HAIG: The applicant, a provincial company, is asking for a federal charter. We do not want it to occur that the provincial company should go out of business before the federal company begins operations.

Right Hon. Mr. MEIGHEN: It provides a modus vivendi for the status quo.

Hon. Mr. DANDURAND: Honourable members of the Senate, the amendment which has just been moved was placed in my hands before the House sat this afternoon. It is a most welcome amendment, for it permits the liquidation of the provincial company and transfer of its assets to the federal company under supervision of the Superintendent of Insurance. In past years bills like the present one have gone through this House and they have always contained a clause similar to this amendment. I am somewhat surprised that our attention was not drawn to the omission in committee. However, the amendment is acceptable at this stage.

Hon. Mr. CALDER: May I inquire from the mover of the amendment if the intention is to have the Bill go into effect upon notice given by the Superintendent of Insurance or upon proclamation by the Governor in Council?

Hon. Mr. HAIG: After approval by the Superintendent of Insurance, published in the Canada Gazette.

Right Hon. Mr. MEIGHEN: Then the Governor in Council proclaims it.

Hon. Mr. HAIG: Then the Governor in Council proclaims it.

The amendment of Hon. Mr. Haig was agreed to.

The motion for the third reading of the Bill, as amended, was agreed to, and the Bill was read the third time, and passed.

CANADA-UNITED STATES TRADE AGREEMENT BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion for the second reading of Bill 13, an Act respecting a certain Trade Agreement between Canada and the United States of America.

Hon. ARTHUR SAUVE: Honourable senators, at the outset of my maiden address in this Chamber may I be permitted to ask of the majority, not a privilege, but its customary courtesy towards the few words I wish to say in the language with which I am more familiar—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. SAUVE: —and which is more readily at the command of my modest ability. I thought this language would not be out of place in voicing some opinions from the ancient French province, which always has been keenly concerned in protecting the country's interests, and has played an important and decisive part with respect to activities and controversies as to proposals for union of Canada and the United States, or for any other change in the relations between the two countries. It is not impossible that in the near future that province may again have something to say in this connection, with respect to the consequences of evolutions encouraged by the present agreement. It must be admitted that this agreement presents many aspects, social, political and economic.

Hon. Mr. PARENT (Translation): A little louder.

Hon. Mr. SAUVE (Translation): Now I crave the indulgence of my French-speaking friends. At no time during my many years of association with parliaments have I been more moved and embarrassed than I am today in the atmosphere of this Chamber, where dignity, learning and oratory blend so harmoniously under the respected authority of the distinguished gentleman who presides over its deliberations. In this institution, wisely set up as an impartial court of review, free from popular passion or political considerations, we realize how much the Almighty, to whom we pray at the opening of our sittings, requires of sincerity in our prayers, as well as reason in our actions.

Hon. Mr. DANDURAND (Translation): Hear, hear.

Hon. Mr. SAUVE (Translation): May I be permitted also to express my satisfaction at seeing the honourable leader of the Government (Hon. Mr. Dandurand) resume his ministerial duties with a vigour that everyone admires. As to the right honourable leader on this side (Right Hon. Mr. Meighen), the manner in which he commands the attention and respect of the whole House is in itself a higher tribute of admiration than could be expressed in eloquent words.

At this stage of the debate it is rather difficult for any one to avoid traversing ground already covered. The agreement has been examined in all its various aspects by economists and experienced business men. I shall therefore confine my remarks to general considerations, as well as to certain aspects of the Agreement and its possible effects.

Both our domestic and our international problems have been aggravated by the protracted duration of a crisis believed to be due to a universal excess of nationalism likely to result in disaster. The continuous disputes and enervating conflicts of the old civilization in Europe, apparently blinded by too much light, are becoming more and more unbearable. In the opinion of patriotic Christians of the New World, mankind has need of other things than manifestations of national selfishness and injustice or the exhausting of public treasuries to build trenches for spreading hatred and waging war. That is why in recent years the Governments of Canada and the United States have realized more and more the necessity of strengthening, through a commercial treaty, their relations as dictated by good neighbourliness and common interest.

As a member of the Government which initiated the negotiations in that connection in 1934, I know they were actuated by a national spirit and our Canadian ministers were above all desirous of improving our trade and political relations with our neighbours in the great republic of the United States, as well as with the British Empire and any other country willing to negotiate on reasonable terms with Canada. At Washington, at the London and Ottawa conferences, in fact everywhere, the Bennett Government stood by their policy of "Canada first."

No other Canadian Government ever signed, in a period of ten years, as many treaties, agreements or conventions as were concluded by the Bennett Administration in the five years they were in office.

Hon. Mr. PARENT (Translation): From what standpoint?

Hon. Mr. SAUVE (Translation): I am now dealing with trade agreements, and it is from that standpoint. I am sorry my honourable friend did not get the meaning of my statement.

Following the negotiations referred to, the new Government elected by the people after an unusually complicated contest, hastened to conclude, not a free trade treaty as was advocated by its followers, but an agreement on the basis of very moderate protection. Whether the agreement be but preliminary or short-lived because of its lack of reciprocity or its inadequacy of protection, the experiment is nevertheless acceptable as a first attempt.

The Prime Minister has frankly admitted that the negotiations were made much easier by the work of the Bennett Government. As a member of the late Government I appreciate that evidence of frankness and sincerity. But does this admission not prove that the Conservative Government, although it always recognized the necessity of adequate protection for our country, was by no means opposed to limited reciprocity? Everything was to depend upon the terms. There is the question to be debated. The measure before us is simply an agreement with unequal concessions. It is not a treaty of adequate reciprocity, the benefits being not mutual. Recently an American financier stated that the King Government considered the agreement good for Canada, and in the opinion of President Roosevelt it was an excellent one for the United States. Good for one country, but excellent for the other. That gives approximately an idea as to the value of the agreement.

The agreement, I repeat, has some good points; it is proper that we should admit and appreciate that. But is there enough good in it to offset the disadvantages? Is the agreement not such as to cause anxiety for the future of our economic structure, which is based on protection for our two great national industries, agriculture and manufacturing, from which the worker gets the money that enables him to buy what he needs as a consumer? That is the question that is being asked. This agreement does not give us what we got in the Underwood tariff of 1913, under the Taft and Borden Governments, nor even what was conceded to us by the Fordney-McCumber tariff prior to 1930, under the Coolidge-King Administrations. We are the losers. In any event, let us give the agreement a fair trial, such being the wish of the majority in the Government that is responsible to the Canadian people. At the same time let us watch closely its immediate effects. The Minister of Finance admits the possibility of changes. Let us hope they will not be prevented by a refusal on the part of the Americans or the prejudiced consumer. Canadian agriculture especially, in its own interest, is certain to demand some modifications before it becomes fatally affected. I think that in return for the greater concessions made by our Government to the United States we should have secured better terms with regard to our horses, our cattle, our food products, our vegetables, etc. For instance, when entering the United States, Canadian hay is subject to a duty of $3, while on American hay imported into Canada the rate of duty is only $1.75. The price of hay in this country ranges from $4 to $6 a ton. Our cream and consequently our butter are more seriously affected under the new agreement, which places us in a worse situation than that prevailing prior to 1930, the duty on cream being increased by five cents, which means a duty of 8 cents on our butter. There is no market for our hot-house lettuce, which even now is practically given away. The same applies to cabbages and carrots. With the arrival of American carrots the price of our autumn product has dropped to 25 cents a bag of 80 pounds. The Government's answer is that this benefits the consumer. Quite so, but is the Canadian farmer to be ruined? Is he not essential to Canada? In order to dispose of a hundred pounds of potatoes in the United States market our farmer is compelled to pay 75 cents, whereas the American farmer does not pay a cent of duty on his potatoes, which begin to invade our market in the last days of spring. If the American farmer feels the need of protection for himself, why should our own farmer be left at his mercy in our own country?

Hon. Mr. PARENT (Translation): What are the products imported from Canada by the United States?

Hon. Mr. SAUVE (Translation): The honourable member might be sent as a delegate to study the situation in the United States.

The county of Laval-Two Mountains, where I live, has become one of the richest gardens of the Canadian metropolis, and a few days ago its importance and beauty were extolled by a little bard before the Government and the members of the House of Commons. But the market gardeners of that county will demand more than the clever but sarcastic answer given by the Minister of Finance. Market gardening is necessary to our local market. It has increased with the wonderful expansion of transport facilities and the development of motor-trucking, while, on the other hand, the motor vehicle has dealt a severe blow to general farming, which has been affected by the weakening of the market for such products as hay, oats, straw, horses, etc.

Hon. Mr. PARENT (Translation): Are those commodities the natural products of the country?

Hon. Mr. SAUVE (Translation): There are two kinds of products: market gardening products and general farm products.

Hon. Mr. PARENT (Translation): Do the figures deal particularly with hot-bed farming rather than with natural products from the soil proper?

Hon. Mr. SAUVE (Translation): That is not what I was endeavouring to emphasize. I shall be pleased to discuss the point with the honourable member in a few moments.

The time will come when market gardening will be a serious problem in Canada, a problem which may call for the establishment of farming zones with appropriate measures of protection. Even at the present time it is questionable whether the Canadian market gardener will ever be in a position to compete successfully with the American producer, who has the advantage of a climate highly suitable for vegetable and fruit growing. Should we not see in that disadvantage as to climate one of the chief reasons for fostering our canned goods industry and protecting it accordingly? It is not adequately protected; it still has to compete with foreign production, though it is being extended greater concessions every day as far as our Imperial trade

is concerned. It is through adequate protection for the canned goods industry that our market gardeners may be expected to profit by their operations and use to the best advantage their light soil. Why not consider the fact that our farmers must sell in winter time, and in the early days of spring, the surplus of their fall production? The progress made in preserving processes enables the farmer to supply the consumers until springtime with vegetables that have retained all their original flavour. If our farmer is to submit to the grading of his products, he should not be deprived of his market.

Hon. Mr. PARENT (Translation): If my honourable friend thinks that I take pleasure in interrupting him, he is mistaken. I do not wish to interrupt him needlessly.

Hon. Mr. SAUVE (Translation): I have been familiar for a long time with the honourable senator's disposition.

The Bennett Government issued more than twenty-five orders preventing the American farmer from competing in the spring and summer with the Canadian producer of vegetables and fruits.

Of course certain industries should not enjoy protection but for the fact that they now give employment to thousands of good Canadian workers. They should never have been allowed to establish themselves in this country. They import raw materials and turn them into manufactured articles which it would be better for us to import in exchange for exportable products of our natural resources.

It is becoming more and more evident that Canada erred in the conception of a national plan, with respect both to settlement and to education. That has been the cause of serious mistakes in the settlement of certain areas of our country that are unfit for farming; in the too free admission of immigrants assisted by unscrupulous speculative enterprises; in the unreasonable development of certain parts of our forests and natural resources of indifferent value.

In confining his discussion of the agreement to a party viewpoint the honourable leader of the Government showed how tenaciously he was adhering to his old historic party, although he is growing more and more familiar with the changes that have occurred in the course of the past fifty years.

However, the new trade policy may have various consequences. To that policy may be related many aspects of the main problem facing Canada. Should not the education of the people and the influence exerted by American magazines or periodicals, the circulation of which in Canada is now being made easier by the new Government, be matters of great concern in this age, when all sorts of absurd theories are advocated? Canada is experiencing new difficulties. An additional crisis has just been created by the "Utopia" in Alberta.

Why should we lose sight of the new mentality and the demand of certain classes of immigrants who have been spoiled or are prejudiced against our Canadian institutions? Let us observe in a proper spirit the changes that have occurred in the ranks of our youth, discontented with their lot, and discouraged by misfortune. These young people are intelligent and educated sons of parents who themselves are real Canadians and great admirers of our national traditions. Let us not treat with indifference or contempt the threatening appeals of separatists advocating American institutions rather than our constitutional and economic systems. Let us apply ourselves whole-heartedly to showing them the error of their ways and restoring their faith in our land. We should leave nothing undone to attain that end. We should never hesitate to discountenance those in Canada who, in apprehension of a victory by the Asiatic races over an old civilization undermined by quarrels of ambition, still cling to the idea of all the nations in America grouping themselves together and forming a sort of supreme power destined to rule the world. Such is the fear now overhanging old Europe. Our problems can only be brought to a solution and further troubles avoided through sane attention being given to them.

The matters just mentioned should be examined in an absolutely non-partisan spirit. At the present time youth clamors for something other than submission or attachment to a party. Our young people want principles, ideas and honestly propounded policies.

Hon. Mr. PARENT (Translation): Does the honourable member suggest that they had none before?

Hon. Mr. SAUVE (Translation): Is the honourable gentleman joking or is he in earnest?

They want other things than offensive criticisms of either party. Why, if the two historic parties are really great, should they be belittled by absusive language and corruptive practices? This sums up the new line of thought in the ranks of youth. It is impressive.

Our Liberal friends have now come to a point where they hold the Conservatives responsible for the high tariff of the United

States. They refer to the Hawley-Smoot tariff as if it had been imposed upon Canada by the Conservatives. Yet that tariff, established by the United States Government, was enforced against our own country at a time when the Liberal party was in office.

I was surprised to hear the honourable leader of the Government refer persistently in bitter terms to the defeat of the Taft-Fielding treaty in 1911, and blame the Conservative party for it. What a strange statement that must seem to any one who knows that the treaty referred to was defeated by the large majority of electors, composed of both Liberal and Conservative votes.

Hon. Mr. DANDURAND (Translation): Will the honourable gentleman allow me?

Hon. Mr. SAUVE (Translation): Certainly.

Hon. Mr. DANDURAND (Translation): It is a well known fact that in the province of Quebec the Laurier Government was defeated, not on account of the Reciprocity Treaty with the United States, but because of the campaign led by Bourassa, Monk and others on the Canadian Navy question.

Hon. Mr. SAUVE (Translation): I understand that the treaty was passed upon by the nine provinces, and not solely by the province of Quebec.

Hon. Mr. DANDURAND (Translation): Well, the National movement gave 25 seats to the Borden Government.

Hon. Mr. SAUVE (Translation): The honourable leader of the Government is very clever. Not only has he had long experience in parliamentary procedure, but he is skilled in the art of side-tracking a question in order to avoid a direct reply that might prove embarassing.

That electoral majority was made up of Liberals and Conservatives; that is unquestionable; of Liberals headed by Sir Clifford Sifton, a former colleague of Sir Wilfrid Laurier, and Hon. Mr. Gardiner, the present Minister of Agriculture, a colleague of the honourable leader of the Government. If the charge were warranted it would apply to these Liberals as well as to the Conservatives. The honourable leader of the Government (Mr. Dandurand) cannot tell how the new agreement would be construed by the electors were it clearly explained to them. However, in all fairness it must be admitted that, owing to the hard times of the depression, it became desirable for us to secure new markets in the United States, and such was the wish voiced in the last election. But in 1911, when Canadian products readily found a market, when the farmer was selling his hay at $12 or $14 a ton, and was satisfied with trade conditions then existing—

Hon. Mr. CASGRAIN (Translation): The golden age of Laurier.

Hon. Mr. SAUVE (Translation): —the Laurier Government made a mistake in signing a reciprocity pact, and the country signified its disapproval.

On principle and because of its training, the Liberal party is in favour of free trade. Freedom is the essence of Liberalism—

Hon. Mr. DANDURAND (Translation): Hear, hear.

Hon. Mr. SAUVE (Translation): In the best sense. That doctrine played a great part in civilization and in the emancipation of peoples. But as the ambitions of men grew, the protection of national interests became necessary; so much so that the Liberals in power have had, and still have, to submit to it and keep it more or less in effect.

Hon. Mr. PARENT (Translation): Does the honourable senator mean freedom in protection, or protection in freedom?

Hon. Mr. SAUVE (Translation): The Conservative is a convinced protectionist. He considers fiscal protection a necessity for the reasonable development of our natural resources and the home marketing of Canadian products. But he is in favour of trade negotiations with any country willing to negotiate on terms acceptable to us and not harmful to our production or our interests.

Why should we be held responsible for all the ills of the country? Is there not throughout the world an increasingly large number of people who believe that the policy of freedom in trade and relations is a Garden of Eden policy which has seemed less and less applicable ever since the fall of man? Where are the free-trade countries now? There is none left. "Protectionist," we are taught by our opponents, is an equivalent for "trustard."

Hon. Mr. PARENT (Translation): That word "trustard" is not French. You mean "fiducie."

Hon. Mr. SAUVE (Translation): The word is currently used, just as the word "car" is used in Paris.

That teaching is false, unfair and full of prejudice. In free-trade England there were formidable trusts, and we all know the part they played in the last two wars, especially the South African War.

Hon. Mr. PARENT (Translation): The honourable senator seems to wander—

Hon. Mr. SAUVE (Translation): As I am not yet accustomed to speaking in this Chamber, I would ask the honourable senator not to interrupt me too often, and to confine himself to relevant and sensible questions. I suggest that he should wait and speak after me.

Since capital is necessary for the development of our natural resources, why try to cause a further depreciation of it by confusing it with an overbearing capitalism aiming to control both production and sale by arbitrary and vexatious methods?

During the twenty-two years I sat in the Quebec Legislative Assembly I consistently and strongly protested against the trusts that were being created and countenanced by the party I was opposing, because I considered such political-financial combinations the worst enemies of the province of Quebec and saw how they seized upon the property bequeathed by the ancestors of my race to their descendants. The Canadian people suffered greatly from errors in history, from disregard of facts or falsified accounts of events. All these things combined have distorted teaching, caused leadership to go astray and influenced youth adversely. Those who would teach history should learn it in the first place, and he who, being conversant with history, does not teach it correctly, is dishonest.

Much has been done by the Government to repress evils in trade and industry. History will show that no Government ever went as far as the 1930-1935 Administration did in legislation against such evils, against trusts and everything that stood in the way of new political and social conditions. As soon as the decisions of the Supreme Court are handed down, the Government will be in a position to remedy the evils complained of, if it is able and willing to enforce the legislation passed by its predecessor.

Our task is not limited to the concluding of trade agreements; other things have to be considered. Care must be taken not to shape our trade policy so that it would create an illusion of prosperity, or a mirage representing it as a panacea.

It is said by a well known economist of the day that economic life is complicated by the social point of view. So long as individuals of all classes are unwilling to amend themselves to the extent required for the elimination of the chief moral causes of the crisis, the best reforms and the most beneficial trade agreements cannot secure the results that are promised and expected. Every individual is entitled to say to his neighbour, "Cura te ipsum."

The right honourable the Prime Minister declared the other day: "Depression is the lack of trade, and trade alone will put an end to the depression." I would much rather have heard him say first: "Canada will find a welcome termination of the crisis in rationalization, in the moralization of individual, social, industrial and commercial enterprise, and in the orderly and fair distribution of wealth."

By endeavouring so far as possible to repatriate our former citizens, whom we should never have allowed to leave, and by avoiding old dissensions through a better understanding of the spirit of our Constitution and a better appreciation of the fair treatment equally due to our two pioneer races, Canada would be in a position to solve her problems more readily and combat the subversive elements. In the strength of that position lies the real safeguard of our institutions.

Governments which denied the existence of the depression, or sought to conceal the facts by persistently holding out an artificial prosperity, and who drove the people to extravagance in expenditures and commitments, have still to bear the onerous responsibility of so great an error.

The past is bound to remain a lesson for those who, influenced by similar considerations, might be inclined to overestimate the present improvement in business and to demonstrate, on paper, the coming of a new golden age. Castles in the air are built with paper. It is also on paper that huge fortunes are made, with unhappiness and ruin in their wake. The depression has been aggravated by "paperism." "Paperism" is the enemy!

Submerged as this country has been by the inflation of capital resulting from reckless speculation, as well by a speculative, disturbing and objectionable type of immigration, Canada must not—whatever treaties and laws it may make—be drawn back into that abyss of "booms" from which it has barely escaped.

Orderly progress, yes, at all times; but prosperity with economic and social disorder, no, never!

In the past we have made mistakes, and it is in hard times such as we are experiencing now that we should think more seriously in order to realize our errors. As I was saying a little while ago, we lacked vision in our national organization; in opening to colonization certain areas unfit for agriculture, in admitting undesirable immigrants, and in allowing the reckless exploitation of our forests which we have ceded to profiteers instead of keeping the benefits ourselves.

Honourable senators, I have made my statement in all sincerity and humility. I think that in times of distress we should seek the proper remedies, and in order to find the remedies it is necessary first to ascertain the causes of the disease.

Hon. Mr. DANDURAND (Translation): I wish to call the attention of my honourable friend to the fact that in his address he stated that the rate on hay was $3. I understood him to imply that under the agreement the duty on hay is not decreased. My honourable friend, I think, knows that the rate is reduced from $5 to $3.

Hon. Mr. SAUVE (Translation): I was referring to the old duty. Under the new agreement it is reduced from $4 to $3. I said that hay now sells from $4 to $6. I shall repeat what I said: When entering the United States Canadian hay is subject to a duty of $3, while on American hay imported into Canada the rate of duty is only $1.75. Does the honourable gentleman understand me?

Hon. Mr. DANDURAND (Translation): But I would call my honourable friend's attention to the fact that under the 1911 treaty hay was admitted free into the United States.

Hon. Mr. CASGRAIN (Translation): I simply wish to say a word or two to the honourable gentleman who has just taken his seat. He knows that I hold him in high esteem. He told us that he had been a member of the Quebec Legislative Assembly for a period of twenty-two years. I have always admired his courage, for after a general election he once, maybe twice, was returned with four followers and he carried on in the opposition by himself. I frequently went to Quebec and I saw our honourable colleague hold his own against a whole Government, his followers being Mr. Gault, Mr. Smart, the member for Joliette, Mr. Dufresne, and Mr. Renaud. That was all the support he had.

Hon. Mr. SAUVE (Translation): I do not think that is in the agreement.

Hon. Mr. CASGRAIN (Translation): No, no. I agree with you as to that. I must say that our party has done all it could do to ensure the election of my honourable friend, for we thought that he would prove an excellent opposition leader. Once, at a dinner held in Quebec, I predicted to my honourable friend that he would become a lieutenant-governor of the province, but not a prime minister. A senator is appointed for life and a governor for a term of five years.

Hon. Mr. SAUVE (Translation): With the permission of the honourable gentleman (Hon. Mr. Dandurand) I wish to rectify a statement. I said that Canadian hay was subject to a duty of $3 when entering the United States, but that the duty on American hay imported into Canada was $1.75. The American rate is higher than what we had in 1922-29. We have gained nothing.

Hon. Mr. DANDURAND (Translation): The duty on cream was practically prohibitive.

Hon. Mr. SAUVE (Translation): Before 1921 and 1922, under the Underwood tariff, the duty was much more favourable. And the duty imposed before 1927 was lower than the one we find in this agreement. That is what I tried to show a moment ago.

Hon. Mr. BLONDIN: I rise to a point of order. I suggest that the rules of debate be followed a little more closely. It would help us to keep up the dignity of this House.

Hon. Mr. MURDOCK: Honourable senators—

Hon. Mr. CASGRAIN: It would be better—

Hon. Mr. MURDOCK: I think I have the floor.

Hon. Mr. CASGRAIN: When I get through the honourable gentleman will have it, but not before. So he had better sit down. (Translation). I rose because my honourable friend from the other side stated that Sir John A. Macdonald was the one who had—

Some Hon. SENATORS: Order! Order!

Hon. Mr. CASGRAIN: I am accustomed to that. The more certain honourable senators cry "order," the better I like it.

Hon. Mr. CALDER: Mr. Speaker, there were three honourable senators on their feet.

Hon. Mr. CASGRAIN (Translation): I think I have a right to speak. You have nothing to say when I speak in French, because you do not understand it. Sir John A. Macdonald came into power in 1878, whereas protection dates from 1874.

Hon. Mr. SAUVE (Translation): I did not mention at all the name of Sir John A. Macdonald.

The Hon. the SPEAKER: Will the honourable senator kindly resume his seat? I understood that the honourable senator from Rigaud (Hon. Mr. Sauvé) had finished his speech, for he took his seat. Then the honourable member from Parkdale (Hon. Mr. Murdock) immediately rose to continue the debate. So the honourable member will kindly allow—

Hon. Mr. CASGRAIN: Then I claim the right to be allowed to speak in French afterwards.

Hon. Mr. BALLANTYNE (Translation): Another time.

Hon. Mr. CASGRAIN (Translation): No; now.

Hon. JAMES MURDOCK: Honourable senators, I am sorry indeed to interrupt my honourable friend from De Lanaudière if he has a thought or two to express. I had not intended to take part in this debate, as since I have been a member of the Senate I have been given to understand—

Hon. Mr. CASGRAIN: Not French.

Hon. Mr. MURDOCK: —that our discussions should be non-partisan. However, during the past two days I have wondered whether a more partisan feeling could be displayed than we have seen on the part of certain honourable members who have participated in this debate. When I heard the introductory remarks of the right honourable leader on the other side (Right Hon. Mr. Meighen) I believed, perhaps foolishly, that there would be no real honest-to-goodness Grit-and-Tory debate. But during the last few days the situation has changed entirely and we have had distinguished senators rise in their places and complain about what has happened since the 1st of January of this year with relation to a certain commodity because it was placed on the free list. As a matter of fact it has been on the free list for the last thirty years.

Hon. Mr. KING: Hear, hear.

Hon. Mr. MURDOCK: What kind of attitude is that for honourable senators to take?

I am very sorry that my honourable friend from Montarville (Hon. Mr. Beaubien) is not in his seat, for I wish to deal briefly with certain statements he made yesterday.

I think before the debate is concluded we should ascertain by whom the negotiations for a trade treaty with the United States were initiated, and what declarations of policy were then laid down. I do not wish to be unfair, but in view of some of the statements I have heard in this Chamber during the past few days I am led to believe that this trade agreement would in the opinion of honourable gentlemen opposite have been wholly in the interest of Canada had it emanated from another source during 1934 or 1935; and I shall try to show that that probably is the case.

Let me deal briefly with some of their contentions. I think certain honourable senators asked the question, perhaps a reasonable one from their viewpoint: Why was not a trade treaty negotiated with the United States between 1921 and 1930? There is no honourable member in this House, regardless of where he comes from, who is so simple as not to know why it was out of the question to negotiate a trade treaty between Canada and the United States during those years. The attitude and the policy of the party then in power in the United States were entirely opposed to anything of that kind. It was promulgating an exaggerated economic nationalism, as were most other countries. That surely is what has been largely the trouble with the world during the past three or four years. Before I get through I hope to prove that out of the lips or from the pen of distinguished representatives of the Government in office up to October last. I maintain that nothing has done so much to aggravate the abnormal conditions which have prevailed in the world during the past four years as the rabid economic nationalism of this, that and the other country. Canada gave a demonstration of the kind between 1930 and 1935.

My honourable friend from Montarville in his very enlightening speech yesterday referred to the Liberal party and stated: "It has always struck me as being very strange that, traditionally, the Liberal party has in a sense always been opposed to our manufacturers." Then he asked the question: "Is not manufacturing a legitimate vocation in Canada?" From the standpoint of any consistent and logical Canadian there can be only one answer: of course, manufacturing is a legitimate occupation in Canada. But I ask honourable gentlemen to say whether there is any one thing that has done more to put many of our people in the bread line than the extravagant efforts of certain individuals to carry on manufacturing in this Canada of ours. Improved machinery, manufacturing at its best, has done away with manpower. If you want a concrete and splendid illustration of the truth of what I say, look at the first page of the House of Commons Hansard of yesterday. There you will learn what is happening under this very roof—how our citizens are forced to go on relief, and how bread lines are formed. You will discover that a certain department of this Government is paying $810 a month, or $9,720 a year, for the rental of seven machines which do away with the services of thirty-four human beings. Think of it: while this money is being paid for the rental of these machines, presumably thirty-four citizens of Ottawa are on relief or in the bread line. That is only one illustration of the injustice possible under certain manufacturing conditions.

As far as I understand the Liberal policy, about which my honourable friend inquired yesterday, we are in favour of manufacturing on a decent, Canadian basis, having due regard to the rights of the other fellow; and I think it is reasonable to say that that implies that no manufacturer should get an undue advantage from any tariff regulation which enables him to exploit either his employees or the consumer.

My honourable friend yesterday also referred to sugar, including the raw sugar imported into Canada during recent years. A few years ago I thought I knew something about the sugar question. I think I have a fair idea of it yet. I know—and it can be proven—that in consequence of favourable tariff regulations certain gentlemen in this Canada of ours have secured homes palatial far beyond the expectations of the average man, homes fit to entertain royalty, and in which the King of Siam and others have been entertained. It can also be shown that the charwomen in this building, and others who put sugar into their tea, have been helping to maintain that condition.

Somebody may say, "That is all right." Yes, within reason it is. Far be it from me to question the right of any citizen of this country to claim his fair share of the benefits of any business or industry. But in certain cases—we have not time to deal with them all now—the tariff has imposed upon the people injustices which should not be continued if it is at all possible to avoid them.

I want to hurry along and come to a point in relation to this whole question that I think should be placed on Hansard. The casual listener would think that the trade treaty with the United States had originated in the mind of the Prime Minister or the Government that took office around October last. That is hardly the case, however, and it would be unfortunate that we should fail to place upon Hansard a White Paper which I think was pretty widely distributed during the last few weeks or months that the late Government was in power. This White Paper is captioned: "Trade negotiations between Canada and the United States, 1934 and 1935." I presume I could get permission to place it on Hansard without reading it, but if you do not mind, honourable senators, I prefer to read it. There are certain sentences and paragraphs in it referring to matters which have been discussed in this House during the past few days, and I think they ought to be emphasized.

The first document is a letter from the Canadian Minister at Washington to the Secretary of State of the United States. It is as follows:

Hon. Mr. MURDOCK.

Canadian Legation,
Washington, November 14, 1934.

Sir:

The Government of Canada for many months have been giving careful consideration to the means whereby the exchange of commodities between Canada and the United States might be increased, and I have been instructed to present a statement of their views for the information of the Government of the United States. The Government of Canada believe that the time has come for definite action and that the declared desire of both Governments to improve conditions of trade between the two countries should now be carried into effect by the negotiation of a comprehensive trade agreement.

You will recall that when the Prime Minister of Canada visited Washington in April, 1933, at the invitation of the President of the United States, the development of trade between the two countries was sympathetically discussed. On April 29, 1933, Mr. Roosevelt and Mr. Bennett issued a joint statement at the end of their conversations, which concluded as follows:

"We have also discussed the problems peculiar to the United States and Canada. We have agreed to begin a search for means to increase the exchange of commodities between our two countries, and thereby promote not only economic betterment on the North American continent, but also the general improvement of world conditions."

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

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

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

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

On July 21, 1933, at the international Monetary and Economic Conference in London, the policy of the Government of the United States was expressed by you in a resolution submitted on behalf of your Government. This resolution declared that the governments represented at the Conference should forthwith "initiate bilateral (or plurilateral) negotia-

tions for the removal of prohibitions and restrictions and for the reduction of tariff rates; and declare that their aim in these treaties is substantial reduction of basic trade barriers, and not merely the removal of temporary and abnormal restrictions and increments imposed for bargaining purposes." The resolution continued: "In shaping its policy and in executing its obligations under any agreements, each Government should direct its first and greatest efforts towards eliminating restrictions and reducing duties which most clearly lack economic justification, particularly:

(a) Duties or restrictions which completely or almost completely exclude foreign competition, such as those which restrict importation of particular commodities to less than 5 per cent of the domestic consumption thereof;

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

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

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

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

"The trade between the United States and Canada is larger in normal times than that between any other two countries in the world, and it is natural that both countries should desire to restore the reciprocal flow of commodities to normal proportions. We hope to be in a position at an early date to take steps looking to the conclusion of a trade agreement with Canada which will further the interests of both countries. We hope thus to bring into practical application the 'good neighbour' policy between these two great countries which have so much in common."

A few days later, on March 2, the President requested the Congress to enact legislation conferring on him authority to enter into trade agreements, in a message which concluded with the following words:

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

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

It is hardly necessary to stress the importance to both the United States and Canada of their mutual trade. For many years each country has provided the other with either its largest or its second largest foreign market. From 1927 to 1932, and again in the first nine months of 1934, the total trade between Canada and the United States was greater than the total trade between the United States and any other country. In the last ten years, according to the figures of the Department of Commerce of the United States, the aggregate value of the trade between the two countries was more than ten billion dollars, and in the single year of 1929 it reached the great figure of $1,451 millions. During the decade ending in 1933 Canada provided a market for the products of the United States larger by one-fourth than the whole of Asia, about twice as large as Germany or all South America, nearly three times as large as France or Japan, nearly seven times as large as China, and more than ten times as large as the Soviet Union. In spite of the considerable decline in trade from the high level of 1929, Canada still provided a market in the first nine months of 1934 only slightly smaller than all Asia, nearly twice as large as all South America or Japan, between two and three times as large as Germany or France, four times as large as China, and twenty-two times as large as the Soviet Union. Over 30 per cent of all exports from Canada are currently sold in the United States, and notwithstanding the great difference in population of the two countries, about 15 per cent in value of all exports from the United States are currently sold in Canada.

May I pause here to ask particular attention to the next three sentences, and to request honourable members to keep in mind the fact that these sentences were written by and on behalf of the late Government. The honourable gentleman who spoke just before I took the floor (Hon. Mr. Sauvé) was, I presume, a party to and acquiesced in the declarations made in the next three sentences. After we have listened for three days to what, it seems to me, has been a partisan and obstructive debate, they are well worthy of consideration.

I resume the reading of the letter.

The relative importance of the market of each country to the other, and the persistence of trading on a substantial scale throughout the changing phases of the business cycle, as revealed by the trade returns, demonstrate the inherent advantage of this interchange of commodities and the tremendous potentialities of expansion under favourable conditions. But no useful purpose can be served by calculating the relative shares retained by each country in a total world trade that for four years has been steadily shrinking, until in 1933 it fell in value to approximately one-third of the level of 1929. If peace and prosperity are to be established on an enduring basis, it is essential to increase the absolute volume of

world trade. No better beginning can be made than by taking steps to increase without delay the volume of trade between two countries which offer the most notable opportunity.

Again I pause to remind honourable senators that this was written by the predecessor of the Government which has made the treaty. And do not forget that, as will be disclosed later on in this document, the late Government knew full well what obstacles confronted it or its successor—but presumably at that time it did not think about a successor. The late Government also knew that the President and Government of the United States were tied absolutely because of their own signature, as I shall show in a short time.

I proceed to quote:

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

(a) Commodity Trade

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

(b) Interest and Dividends

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

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

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

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

(c) Freight Charges

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

(d) Tourist Expenditures

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

(e) Gold Shipments

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

(f) Capital Movements

It may be stated, in general terms, that in recent years the net Canadian credits from tourist expenditures and gold shipments have offset the net debits to the United States from interest, dividends, and freight, while the adverse Canadian balance on commodity trade

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

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

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

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

The Government of Canada is prepared to join the Government of the United States in a declaration that their common objective is the attainment of the freest possible exchange of natural products between the two countries.

Hon. Mr. GORDON: May I ask a question right here? What the honourable senator is reading is from the late Government, is it not?

Hon. Mr. MURDOCK: Yes.

Hon. Mr. GORDON: A little while before that was written President Roosevelt gave expression to a pious hope that trade between the two countries might be entered into more freely. Well, he had the power to reduce the duty on wheat, for instance, but nothing like that has been done. And in view of that pious hope, might not the Americans have given us a chance to send them a little copper? There is a duty of 4 cents a pound on copper.

Hon. Mr. MURDOCK: If my honourable friend will wait until I read a little further he will find that some of the powers that be in the United States, the lawmakers, had tied the hands of the President by instructing him just how far he could go in the negotiation of a trade treaty. I shall come to that in a little while.

Hon. Mr. GORDON: Had he not power to reduce the duties?

Hon. Mr. MURDOCK: Not beyond a certain point.

Hon. Mr. GORDON: Fifty per cent.

Hon. Mr. MURDOCK: Yes.

Hon. Mr. GORDON: It would have been a very fine thing to reduce the duties on copper to that extent, but there has been no reduction at all.

Hon. Mr. MURDOCK: At the moment I am interested in considering whence came this trade treaty, and also who were responsible for its adoption.

Hon. Mr. BALLANTYNE: Will the honourable gentleman permit me to give him an answer now? By so doing we may shorten the debate.

Hon. Mr. MURDOCK: Can the honourable gentleman give an answer?

Hon. Mr. BALLANTYNE: Certainly. It is quite true that negotiations were carried on over a period of nearly two years. That kind of thing takes time. But I can say to my honourable friend and to this House that even if the late Government had been returned to power they would not have accepted a trade treaty containing the terms that are outlined in this agreement.

Hon. Mr. MURDOCK: I am quite satisfied to accept the statement of the honourable gentleman who for the moment is leading the other side. My personal opinion is that if the party that initiated these trade negotiations had remained in power there never would have been a trade treaty up to Judgment Day, because such a treaty would have been disadvantageous to too many friends of the honourable gentleman's party.

Hon. Mr. PAQUET: Politics!

Hon. Mr. MURDOCK: That is my personal opinion. We surely have a right to express our views. I would not have made that statement only that the honourable gentleman dragged it out of me.

Hon. Mr. BALLANTYNE: It is all right.

Hon. Mr. MURDOCK: I will read that passage again:

The Government of Canada is prepared to join the Government of the United States in a declaration that their common objective is the attainment of the freest possible exchange of natural products between the two countries.

How splendid that sounds! I wonder if I am unfair in feeling that possibly there was no sincerity behind it.

It is recognized that this objective cannot be attained in the immediate future, as important interests in both countries would be disturbed unduly by the sudden removal of existing tariffs on all natural products. The Government of Canada would therefore favour, as the first step, the reductions included in the proposals set out in the next paragraph, to be succeeded by progressive mutual reductions in the duties on natural products, leading to the attainment of the declared objective.

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

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

An honourable gentleman told us about the great difficulty there had been in his locality since the first of January last with respect to a certain article. I pause to remind the honourable gentleman that that article has been for the last thirty years, and still is, on the free list.

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

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

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

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

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

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

Your most obedient, humble servant,

W. D. Herridge.

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

The record is not complete until we find the answer to that communication; therefore I read the second note, from the Secretary of State of the United States to the Canadian Minister at Washington:

Department of State,
Washington, December 27, 1934.

Sir:

I have the honour to acknowledge the receipt of your note of November 14, 1934, in which you review the trade and financial relations between the United States and Canada, and advise me that your Government proposes the early initiation of negotiations looking to a trade agreement between our two countries.

I have given careful consideration to your note. I fully subscribe to the views which you express in regard to the importance to each of our countries of its trade with the other, and I am happy to note the willingness of your Government to undertake negotiations looking to an increase in trade in both directions. It

is not necessary to comment in detail on your statements respecting the balance of payments as between our countries. As you are aware, international balances are settled on many fronts, and it would be a serious setback to world trade if countries undertook to achieve balances with individual countries.

I am happy also to take this occasion to express my appreciation of the unflinching determination with which the Dominion and Provincial Governments have met their loan obligations.

When the Trade Agreements Act, 1934, was enacted, this Government took immediate steps to create an organization to undertake negotiations for trade agreements. One agreement has been concluded; negotiations for several others are now in progress; and intensive preparations are well under way for similar negotiations with a number of other countries.

I believe that a point has now been reached when an exchange of views on this subject with Canada should be undertaken, and I am, therefore, gratified to learn that your Government is of the same mind. Whatever the desirability of the freest possible exchange of natural products, and indeed other products, between the United States and Canada as an ultimate goal, the United States Government must in any negotiations undertaken at this time restrict itself to measures authorized by the Trade Agreements Act, 1934, of which I enclose a copy.

The outline which you suggest as a possible basis for discussions has been noted. You mention several specific products upon which your Government proposes to seek reductions in existing rates of duty in this country. In communicating to you the willingnes of the Government of the United States to enter upon negotiations with your Government looking to a trade agreement calculated to increase trade in both directions, I must, of course, make it clear that in advance of negotiations this Government can not make any commitment as to whether it will be possible to agree to a reduction in the rates of duty on particular products, each of which must be carefully studied in the light of existing economic conditions before any decision can be reached. This is the procedure which has been adopted and followed in connection with the trade agreement negotiations with other Governments. Correspondingly, it is understood that your Government will wish to give the same study to individual products upon which this Government may request reductions in the Canadian rates of duty.

I suggest that to the proposed outline of discussions there be added the question of methods of determining the value of merchandise for duty purposes in either country, a matter which I consider of importance in the proposed negotiations.

On the basis of these general observations, this Government holds itself in readiness to begin immediate preparations for trade agreement negotiations.

Accept, Sir, the renewed assurances of my highest consideration.

Cordell Hull.

The Honourable
William Duncan Herridge, K.C., D.S.O., M.C.,
Minister of the Dominion of Canada.

The third note is from the Canadian Minister at Washington to the Secretary of State of the United States, and reads:

Canadian Legation,
Washington, January 4, 1935.

Sir,—

I have the honour to acknowledge your note of the 27th December, 1934, in which you advise me of the willingness of your Government to enter upon negotiations with the Government of Canada looking to a trade agreement calculated to increase trade between our two countries, and to assure you that my Government, who have noted the suggestion that the question of methods of determining the value of merchandise for duty purposes be added to the proposed bases for discussion set forth in my note of the 14th November, are ready to commence negotiations immediately with a view to the conclusion of a commercial agreement with the Government of the United States of America.

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

Your most obedient, humble servant,

W. D. Herridge.

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

It seems to me that that document should be placed on Hansard, particularly with regard to the discussion of the past few days. I am of opinion that several honourable gentlemen have not fully analysed it. I believe that if between January 4, 1935—the date of the last letter—and October, 1935, a trade agreement such as we now have before us had been negotiated between the Government of Canada and the Government of the United States, honourable gentleman opposite would now be waving their hands and hurrahing for the wonderful bargain.

But perhaps I am entirely mistaken. I may be right in my earlier guess that no trade agreement would have been negotiated; for I realize that tens of thousands of Canadians, while benefiting under tariff regulations, many of which are still in effect, have profited by the sweat and in many cases the blood of their fellow citizens. Far be it from me to suggest for a moment that all tariff regulations should be wiped out. I realize that we must have tariff duties on the ordinary commodities of life, so that through indirect taxation the people may pay into the treasury the wherewithal to meet the expenses of government. But it seems to me—

Hon. Mr. HORNER: Will the honourable gentleman state what was done by the Government of Canada between 1921 and 1930 to negotiate a trade treaty with the United States?

Hon. Mr. MURDOCK: I am glad my honourable friend has brought up that question. Could anything be more ridiculous than to suggest that between 1921 and 1930 the Liberal Government then in office could have entered into a trade agreement with the then Government of the United States?

Hon. Mr. HORNER: Why not?

Hon. Mr. MURDOCK: For this reason, that at that time the tariff policy of the Government of the United States was, as he well knows, to raise its tariff barriers against the world. In my judgment it was just as far-fetched to expect—

Hon. Mr. GILLIS: The same as it always has been.

Hon. Mr. MURDOCK: It was just as absurd to expect that an agreement could have been reached at that time between the party in power in Canada and the party in power in the United States as it was for the Hon. Cordell Hull in 1934 to believe there was any possibility of negotiating an equitable trade arrangement with the then Government of Canada. The United States, yes, the world, had heard of what were described, whether rightly or wrongly, as the straight-from-the-shoulder negotiations in Ottawa in 1932,—

Hon. Mr. BALLANTYE: Hear, hear.

Hon. Mr. MURDOCK: —when, according to the information then current, the representatives of Great Britain were sand-bagged into accepting certain conditions which they regarded as absolutely inequitable.

Hon. Mr. GILLIS: Good for Canada.

Hon. Mr. MURDOCK: My honourable friend says, "Good for Canada." That is the sentiment underlying the economic troubles of the world to-day, an intensive nationalism that does not give a continental or a tinker's dam for any country but its own. Is it possible that we have forgotten that we are to some extent our brother's keeper? Is it unfair to suggest that what is largely the trouble in the world to-day is the prevalence of that selfishness summed up in the phrase, every man for himself, and the devil take the hindmost.

Let me once more direct these words to the attention of my honourable friend from Saskatchewan; words, I presume, placed in the mouth of the Canadian Minister to Washington by the then Government of Canada:

> If peace and prosperity are to be established on an enduring basis, it is essential to increase the absolute volume of world trade. No better beginning can be made than by taking steps to increase without delay the volume of trade between two countries which offer the most notable opportunity.

I apologize to the House for speaking at such length. That is all I have to say on the subject.

Hon. Mr. CASGRAIN (Translation): Honourable senators, in 1874, we had in the province of Quebec a national party, and that party was unanimously in favour of protection, because of the depopulation of the province. I will give names—

Hon. Mr. TANNER: I should like to know—

Hon. Mr. CASGRAIN (Translation): I want it to be understood that it is our right to speak French as much as we like, and that nobody can prevent us from doing so.

Hon. Mr. TANNER: I should like to know—

Hon. Mr. CASGRAIN (Translation): Will you take your seat, please?

Hon. Mr. TANNER: Mr. Speaker, there is no honourable member to whom I listen with greater pleasure than to my honourable friend from De Lanaudière, but I should like to know how many times he has the right to address the House. We are supposed to observe the rules of debate.

Hon. Mr. CASGRAIN (Translation): Mr. Speaker, you asked me to give the floor—

Hon. Mr. TANNER: Will my honourable friend kindly resume his seat while I am addressing the Chair? I hope his mind is made up on this trade treaty now. He was in doubt yesterday. As I have said, I am delighted to hear him address this Chamber, but I should like to know whether he is privileged to speak just as often and as long as he pleases.

Hon. Mr. CASGRAIN (Translation): Mr. Speaker, I have not yet spoken. I was prevented from speaking a moment ago. If the erstwhile labour leader—no longer a labour man—does not understand, the former member of the Quebec Legislature can repeat to him in English what I have said. I will keep on speaking in French. The former member of the Quebec Legislature (Hon. Mr. Sauvé) said that protection was an invention of recent years. Furthermore, he said it was admitted that the Conservatives were the party of protection and the Liberals the free trade party. Unfortunately, I am an old man. I recall that in 1874 we had in Montreal a great celebration of the feast of St. John the Baptist. It was attended by a large number of Canadians who had emigrated to the States

because we had not enough manufacturing nor enough protection. At Confederation our tariff was at 10 per cent, and it was not until some time later that Sir John A. Macdonald found out that 10 per cent was not sufficient to cover the costs of administration—to meet the expenditures. Let an old man recall your history. I know the facts. I appeal to my excellent friend the honourable senator from Grandville (Hon. Sir Thomas Chapais), who knows all about it. The tariff was raised to 15 per cent.

Hon. Sir THOMAS CHAPAIS (Translation): To 17½ per cent.

Hon. Mr. CASGRAIN (Translation): We have never had a discussion in French in the whole thirty-six years I have been a member of this House, and we are going to have one now. If there are some who want to take part in it, but do not understand, well, so much the worse for them. Sir John A. Macdonald raised the tariff to 15 per cent, and it was raised to 17½ per cent under the Mackenzie Government. I was in the gallery. I was then a French translator for the House of Commons. Sir Charles Tupper was to speak. I saw him with my own eyes put back into his desk the notes he had prepared. He believed that 17½ per cent would not answer the purpose and that it should be 20 per cent. In 1874, the Saint-Jean-Baptiste Society had in Montreal a big celebration which brought from the States a great many former Canadians. As we had no manufacturing in this country, those people had gone to the States. They were wearing top hats, fine clothes, and gold chains, and had plenty of money in their pockets. When asked how it was that they had so much money, they would answer: "In the States there are cotton-mills and we find employment there."

For thirty years we had with us in this Chamber Hon. Mr. Béique, who devoted his efforts to the improvement of proposed legislation. For thirty years he examined the Bills and put them into proper form. He really supervised the legislation of this country. He was a good lawyer. Then we had in the province of Quebec Hon. L. O. David and Mr. J. X. Perreault. "Why not have manufacturing in Quebec, if that is the way to keep Canadians in Canada?" they said. They asked Mr. Hudon to set up a factory, and he erected on Notre Dame street the cotton-mill which is still in operation and gives employment to thousands of people. That was the beginning; before 1878; before Sir John A. Macdonald came back into office. Sir John A. Macdonald was a free trader. I should not like this House to believe that protection was an invention of the Conservatives. The idea of protection came out of the minds of the three men I have named.

Hon. Sir THOMAS CHAPAIS (Translation): Let us not forget Colbert.

At six o'clock the Senate took recess.

The Senate resumed at 8 o'clock.

Hon. EUGENE PAQUET: Honourable senators, it was not an organized French meeting that we had this afternoon. Our English-speaking friends are glad to hear some speeches in the French language, and they listened with close attention to the address by the honourable senator from Rigaud (Hon. Mr. Sauvé). The honourable gentleman, who before coming to this Chamber had a long experience as a politician, a member of Parliament and a Minister, spoke not only well, but exceedingly well.

My speech on the trade agreement I will make in French.

(Translation): I desire that my first French utterance in the Senate shall express my feelings of sympathy, friendship and admiration for my distinguished predecessor the late Senator Béland, who represented the senatorial division of Lauzon. On May 21, 1935, eminent colleagues praised the qualities of the Hon. Mr. Béland. Allow me to-day to add my own tribute to the memory of that eminent Canadian.

I must heartily thank the honourable senator from Rigaud (Hon. Mr. Sauvé) for the splendid speech he delivered this afternoon. Attention should be paid, not only in the province of Quebec, but in the whole of Canada, to the words of such a distinguished gentleman. His long political services have been very useful to his country, and few public men in Canada possess as much experience as my honourable friend. He has maintained his reputation! As a Canadian I congratulate him and I thank him.

History tells us of the extreme confusion which resulted from the repeal of the reciprocity treaty in 1866, in all lines of economic endeavour. Certain lines of business and industry had been established during the existence of the treaty. Its repeal made the people of British North America feel anxious as to the consequences. It was thought then that our commercial interests were so bound up with the American market that the cancellation of the treaty gave reason for alarm.

But, honourable senators, we had not yet realized our strength. Our fathers, under the leadership of Sir John Macdonald, Sir George

E. Cartier, George Brown, J. Chapais, whose distinguished son is a member of this House, bound the provinces together as a Canadian federation, faced the situation firmly, and worked out an economic structure which made Canada a great, strong and prosperous country.

There is a good deal of truth in the advice of the Liberal leaders that we should always take into consideration the fiscal policy of a great nation with a population of 120 millions, whose territory extends for 4,000 miles alongside of ours. Canada and the United States cover the whole of the North American continent; so the Dominion is forced by its geographical situation to have economic relations with its neighbour. But we have also to consider our relations with the nations of the Commonwealth, their population numbering some three hundred millions, living as we do under the same British flag. It seems to me that in analysing the history of commercial reciprocity with the States the leaders of the Liberal party could point out a moral and an instructive lesson for the Canadian people.

I would not do anything to weaken the economic bonds between Canada and the Mother Country. To my mind, trade among the component parts of the Commonwealth should be the corner-stone of a Canadian policy. Every Canadian knowing the conditions previous to 1932, and the volume of trade at that time, and considering the statistics we have now before us, must come to the conclusion that the Ottawa agreements with the Mother Country and the sister nations have been immensely beneficial to the Canadian people.

When my term as a federal member expired, in 1917, I moved to the district of Gaspé to resume the practice of my profession. There I tried to acquaint myself with the needs of that fine district, almost surrounded by a sea that is full of fish; irrigated by rivers of transparent water abounding with choicest fish; rich in good, arable land and large forests, and inhabited by people of whom the district and Canada may well be proud.

I do not want to describe too darkly the economic conditions prevailing in the district of Gaspé. Lack of markets is not the only cause of the present depression in agriculture there. Even before 1930 lumber camps in the Gaspé district were closed; also the sawmills, save two. The lumber industry has been at an absolute standstill. And neither fishermen nor farmers have derived any satisfaction from the trade in fish or potatoes. And so the number of unemployed has been growing steadily. Unemployment and its attendant evils are leading us directly to disaster, both financially and morally.

It is not easy to estimate accurately the advantages and disadvantages of the reciprocity agreement in relation to the district of Gaspé. Only the test of experience can show the effect.

In my humble opinion, it is a step in the right direction. I hope that Canada, the United States and other countries will free themselves from that excessive economic nationalism which has prevailed to this day. We must facilitate trade with all nations willing to do business with us on reasonable and fair conditions. Expansion of trade will serve the interests both of the producers and the consumers.

In Canada are to be found the richest fisheries in all the continent of North America. Since 1922 the fisheries in Gaspé are under the administration of Quebec. The fishermen of Gaspé are in a deplorable condition. A fair solution of their problems would require the active, intelligent and permanent co-operation of the provincial and the federal authorities. The concessions obtained for the fisheries of Gaspé are very disappointing. Fishermen on the Pacific got something, but Gaspé fishermen who desired to have access to the American market for their product did not get satisfaction.

Potatoes are another important product of Gaspé. I believe we have made an error as to potatoes. We may expect some benefit on seed potatoes, but we did not get anything capable of increasing the sale in the United States of the large crop of Canadian potatoes. The agreement does not include anything of a nature to promote the sale of a product which means so much to the farmers of Gaspé.

It is my duty to make important reservations as to the advantages of the treaty for the Gaspé district.

Finally, a word on the lumber industry, which is in a woeful situation in Gaspé. The reduction in the duty on lumber will no doubt benefit Canadian lumber merchants. I am told that in many districts last winter, as a result of the reciprocity agreement, there was more work available in the lumber industry and unemployment decreased. Why it was not so in the district of Gaspé I cannot say at the moment. An outlet for the products of that industry is a precious thing. In our district lumbering should mean an important trade. I have the greatest confidence in the ability and energy of the men in charge of the development of the lumber industry in

the district of Gaspé. Lumber operations give employment, increase the buying power of the labourer and help to restore that prosperity which we are so earnestly and so persistently aiming at.

When unemployment is far from being on the decrease in Gaspé, and the depression continues in that district, I am not going to register my vote against this agreement. No one realizes more than I do how important and highly desirable it is to maintain good relations with our neighbours, and no one will co-operate more willingly and more earnestly to that end. Although the United States have always taken care to look after their own interests, their people and their diplomats are too broadminded and good-natured to deny Canada the right to have the fiscal policy best suited to its people. The agreement is a mutual one and for a term of three years. Canada's fiscal autonomy is entirely preserved. Let us give this agreement a fair trial in the hope that it may benefit alike the Dominion of Canada and the United States.

Hon. G. LACASSE: Honourable senators, I had not intended participating in this debate, but it has attained such an impetus that I cannot refrain from saying a word or two, more particularly because during the years I have been here I have never heard so much French spoken in this Chamber in the course of a debate.

Hon. Mr. BALLANTYNE: It is a good language.

Hon. Mr. LACASSE: The French-speaking members from the province of Quebec have made a very wonderful effort, an effort which we appreciate, and in courtesy to them I beg the indulgence of the House to follow along the same line.

Another reason which strongly induces me to speak in French to-night is the fact that in the honourable senator who has just taken his seat (Hon. Mr. Paquet), who happens to belong to the same profession as myself, I recognize a very distinguished member of the Faculty from which I graduated some twenty-three years ago, and I wish, in this way, to continue to follow his example.

(Translation): Honourable members of the Senate, may I first congratulate our honourable friends of the opposition—if there can be said to be an opposition in this Chamber—on the moderation of most of their speeches during this debate. We are discussing a subject which in the last twenty years has inspired many more violent addresses than those we have heard to-day. It is true there was at times vigorous enough criticism of certain items of the treaty, but generally speaking there was a very obvious desire for co-operation on the part of honourable members opposite. Not many moons ago we underwent a general election, perhaps the most memorable since Confederation. It led to a manifestation of opinion, the resounding significance of which we have not yet forgotten. Victorious participants in that fight recognize more than ever that they have duties to fulfil. In common with them the members of this Chamber, who do not have to pass through the ordeal of an election campaign, are members of a Parliament based on principles of real British democracy.

Notwithstanding what was said this afternoon by my honourable friend from de Lanaudière (Hon. Mr. Casgrain) when he undertook to prove that protection had really been conceived by Liberal minds before its advocacy by Sir John A. Macdonald in 1878, every one knows there exists throughout the country a feeling that the Liberal party is more or less identified with a policy of free trade, whereas protection has traditionally been the doctrine of the Conservative party. That is so true that at each general election the tariff question is invariably brought forward. I personally am still of the opinion, however, that notwithstanding this general feeling among the people the distinction between the policies of the two parties is more apparent than real. I maintain it was only in 1930 that a Conservative government applied the protectionist principle to a noticeable extent. Never had Canada seen such high tariffs as those erected by the Bennett Government immediately upon coming into power. Honourable members can imagine how greatly the honourable senator from Montarville (Hon. Mr. Beaubien) surprised me, a representative of an industrial community, when he praised the benefits of protection, saying it would do more than anything else towards placing something substantial in the humble workmen's dinner pail—you will pardon me for using this English word, which is rather difficult to translate. I have had the opportunity of seeing at close range the wretchedness and poverty suffered by our working classes since the administration of really large doses of protection in Canada. At any rate, it may be because this honourable gentleman and his friends admit their great failure that they are to-day more inclined to the opposite policy.

My honourable friend from Lauzon (Hon. Mr. Paquet) alluded to the Ottawa agreements and said, in effect, that the economic

policy of our country must be based on intra-imperial trade. He even called those agreements "the corner-stone of our economic prosperity." But I hold to the opinion that it is absolutely ridiculous to disregard geographical exigencies, to ignore a market of more than 120 million people and prefer to sell in far distant countries overseas. While remaining loyal subjects of the Empire, we must recognize the eloquent and peremptory truth of the old maxim, "Charity begins at home." Indeed, we cannot ignore the facilities of transportation, of contact and of exchange which exist between our country and our neighbour to the south, these two great countries which cover the whole of the North American continent and have a common boundary of more than 3,000 miles.

Before going further may I be allowed to point out obvious contradictions contained in two speeches delivered by our friends on the left. On one hand the honourable member from Montarville (Hon. Mr. Beaubien) accused the Liberal party of showing perpetual antipathy towards the industrial and manufacturing class in Canada, and on the other hand the honourable member from Rigaud (Hon. Mr. Sauvé) deplored the sad fate meted out to the farming community by the same party. Truly, honourable colleagues, there is a lack of generosity towards our party, and a failure to recognize the benevolent efforts which have always been made by the Liberals on behalf of our population, which is made up of precisely those two great classes of human activity—industry and agriculture.

I am not going back to the deluge, though the catastrophe I now allude to might be termed a deluge of blood, misery and death. During those four terrible and tragic years, 1914 to 1918, nearly all the countries of the world were engaged in warfare with shot and shell. The Armistice was supposed to bring peace, but an almost universal war has been raging all the time on economic battlefields. The governments of the late belligerents erected against one another tariff barriers which for impregnability might be compared to real Chinese walls. A moment ago I heard the honourable member from Lauzon (Hon. Mr. Paquet) using the expression "economic nationalism." That is precisely what we have had since 1918. The war-cry of the Conservative party, "Canada First," which resounded from one end of the country to the other in the 1930 election campaign, reminded us of the existence of that conceited sentiment of isolation and self-sufficiency. In other words, we ourselves advocated that exaggerated nationalism which we condemn in others. All nations have greatly curtailed their trade with one another, and in nearly every country, including Canada, agriculture is crippled and industry paralysed. International trade is completely disorganized and in a lamentable state of stagnation. That is another reason why I greet with delight the first Administration in the world to make a determined move to break the vicious circle of tariffs. I am all the more happy because that fine and generous example has been set by the Government of my own country.

I admit that as regards political matters I am rather nationalistic. So those persons who cried "Canada first" on the hustings in 1930 should be the last to find fault with my attitude.

Hon. Mr. SAUVE (Translation): Unless I am much mistaken, "Canada first" was Sir Wilfrid's slogan in answer to Hon. Mr. Tarte in 1904.

Hon. Mr. LACASSE (Translation): It moved me profoundly to hear from the lips of the Conservative chief, Mr. Bennett, twenty-six years later this proof of the old Liberal chieftain's continuing influence. But I was saying that I take a rather nationalistic point of view with respect to political matters. On the other hand, in the domain of commerce, as in that of science, of art and of literature, I believe in internationalism. It is necessary to the highest welfare of mankind that no national frontiers separate these domains, for all peoples have "blood of the same colour."

It may be said that my plea in favour of greater commercial freedom between countries is based more or less on sentiment. That may be. But can any honourable member of this Chamber eliminate all sentiment from politics and business? Of course, by sentiment I do not mean sentimentalism or sentimentality. Consider the significance of such a commonplace transaction as the payment of a debt by cheque. The business man who accepts the cheque has confidence—he trusts—that the debtor has money in the bank. Is not this sentiment of confidence, of trust, necessary in every business transaction? To pursue the point from a different angle, may I ask if it is not true that the most beautiful pages of history were written by the heart no less than by the mind?

I fully appreciate the desire for sincere co-operation expressed at the beginning of the present session by the right honourable leader of the other side on behalf of himself and his followers. He doubtless recalled the loyal

assistance we of this side gave him last year, when he was piloting through this House the social legislation of the then Government. I rejoice deeply over the obvious feeling of intelligent and cordial friendship between representatives of the two great political parties in the Canadian Senate. It will be a salutary example for the people, as showing that persons of intelligence and goodwill are able to understand one another and to work together for the best interests of our common country.

Hon. GEORGE GORDON: Honourable members, our French colleagues have favoured us with such excellent speeches in this debate that I hope in future we shall hear from them more frequently.

Hon. Mr. SAUVE: Thanks.

Hon. Mr. GORDON: I presume that when this agreement was being made the negotiators had before them tabulated statements showing the respective duties which would prevail. These statements would be useful to us for purposes of comparison. I would ask the honourable leader of the Government to look at item 401 on page 20 of the Bill:

Timber hewn, sided, or squared, otherwise than by sawing, and round timber used for spars or in building wharves; sawed lumber and timber not specially provided for, all the foregoing, if of fir, spruce, pine, hemlock, or larch.

The rate of duty is given as 50 cents per thousand feet, board measure. Is that correct?

Hon. Mr. DANDURAND: My honourable friend is reading the text itself.

Hon. Mr. GORDON: I direct my honourable friend's attention now to page 25, item 1803 (1):

Timber hewn, sided, or squared, otherwise than by sawing, and round timber used for spars or in building wharves; sawed lumber and timber, not further manufactured than planed, and tongued and grooved; all the foregoing, if not of balsa or teak, and not specially provided for.

Under this item timber enters the United States free of duty. Am I correct?

Hon. Mr. DANDURAND: I read the item exactly as my honourable friend does.

Hon. Mr. GORDON: Now I would ask my honourable friend to turn to page 26, item 601 (c) (6):

Lumber, rough, or planed or dressed on one or more sides, except flooring made of maple (except Japanese maple), birch, and beech.

Under this item lumber is admitted into the United States at a rate of $1.50 per thousand feet, board measure. This is the same commodity as is covered by item 401, but there are two rates of duty, on the first item 50 cents per thousand feet, and on the second $1.50. Which is correct?

Hon. Mr. CASGRAIN: It is not the same kind of lumber.

Hon. Mr. GORDON: It is described as "Lumber, rough, or planed or dressed on one or more sides, except flooring made of maple (except Japanese maple), birch, and beech—$1.50 per thousand feet, board measure."

Hon. Mr. KING: That is the import tax; the other is the rate of duty.

Hon. Mr. GORDON: If there is to be an excise tax in addition to this duty we shall not know where we stand.

Hon. Mr. DANDURAND: If my honourable friend will revert to page 20 he will find the first column is headed, "United States Tariff Act of 1930." The third column is headed, "Rate of Duty." The item on page 26 bears the rate of import tax under the Revenue Act of 1932.

Hon. Mr. BALLANTYNE: It is very plain.

Hon. Mr. GORDON: It may be to my honourable friend, but I think our lumber entering the United States would be subject to a duty of $1.50 per thousand feet.

Hon. Mr. KING: It would be $2 in all.

Hon. Mr. GILLIS: This discussion is irregular.

Hon. Mr. MURDOCK: The language of the two items is materially different. The item on page 20 does not refer to maple; that on page 26 does.

Hon. Mr. GORDON: The item on page 26 excludes maple.

Hon. Mr. MURDOCK: Let me read item 401:

Timber hewn, sided, or squared, otherwise than by sawing, and round timber used for spars or in building wharves; sawed lumber and timber not specially provided for, all the foregoing, if of fir, spruce, pine, hemlock, or larch, 50 cents per thousand feet, board measure.

Item 601 is in these words:

Lumber rough, or planed or dressed on one or more sides, except flooring made of maple (except Japanese maple), birch, and beech, $1.50 per thousand feet, board measure.

Hon. Mr. GORDON: Will my honourable friend read item 1803 (1) on page 25?

Hon. Mr. MURDOCK: Here it is:

Timber hewn, sided, or squared, otherwise than by sawing, and round timber used for spars or in building wharves; sawed lumber

and timber, not further manufactured than planed, and tongued and grooved; all the foregoing, if not of balsa or teak, and not specially provided for, free.

Hon. Mr. GORDON: In item 601 the lumber is specified as planed or dressed, and in item 1803 it is specifically stated to be "not further manufactured than planed, and tongued and grooved."

Hon. Mr. MURDOCK: My conclusion agrees with that of my honourable friend.

Hon. Mr. GORDON: I would direct attention to the second proviso on page 26:

Provided further, that no article described in paragraph 401, Tariff Act of 1930, of a kind which is being classified under section 601 (c) (6), Revenue Act of 1932, on the day of the signature of this Agreement but is thereafter excluded from such classification pursuant to a final judicial decision in which the Treasury Department acquiesces, shall be subject to the provisions of Article 4 of this Agreement or any provision of this Schedule; but the total duties, taxes, and other exactions hereafter imposed on or in connection with the importation of any such article shall not exceed the total which would have accrued if such article had not been excluded from such classification.

This judicial decision, as I understand it, upheld the authority of the President to eliminate the excise tax of $1, but we are told quite frankly that we may have to pay this excise duty as well as the $1.50.

Hon. Mr. SINCLAIR: The $1.50 is the excise tax; the 50 cents is the import duty. The President has power to reduce the excise tax by 50 per cent. It was $3. It is now $1.50, except on one item, flooring made of maple, birch, and beech.

Hon. Mr. GORDON: I shall be glad to get the information from my honourable friend.

Hon. Mr. DANDURAND: I will get it for him.

Hon. J. E. SINCLAIR: May I compliment the honourable senators recently appointed to this Chamber on their contributions to this debate. By their eloquence and logic they have maintained it at a high level.

We must not lose sight of the fact that this trade treaty is based on an agreement arrived at by the representatives of two great nations, and neither country could expect to secure any great advantage over the other. We have tried to reduce the barriers so that we may increase our trade with our neighbours to the south, and to secure a quid pro quo for what we have given.

The knowledge that we are all pretty much in agreement with respect to the main object of the treaty is a source of pleasure. The criticisms thus far offered, if I may refer to them as such, have been that the agreement does not go far enough in securing reductions of duty on our goods entering the United States, and that we have not been able to induce that country to give us larger quotas on the items with respect to which quotas have been fixed. That, I think, is a healthy sign. Naturally, in making a bargain we all wish to get as much as possible and to give as little as necessary. It is worthy of particular note, I think, that very little criticism has been heard with regard to what we have had to give the United States.

I should like to speak more directly about a few items which are of particular interest to Eastern Canada. The people of the Maritime Provinces are interested in the export of lumber and potatoes, two items which are dealt with in the agreement before us. In speaking of those items we must notice that there are two methods of dealing with them. One is by way of a reduction of duty on certain articles in Schedule 1 when they come into Canada; the other is by providing that for three years, or the life of the treaty, certain articles shall remain on the free list. One of these articles, silver fox furs, was referred to the other night. The honourable member from Acadia (Hon. Mr. Léger), in error, I think, spoke of the agreement placing that item on the free list. The principle adopted in regard to silver fox furs was rather that of continuing them on the free list, a principle which is not confined to this agreement. Those who followed the reading of the memorandum this afternoon by the honourable senator from Parkdale (Hon. Mr. Murdock) may have noted that the same principle was adopted by the late Government when it began the negotiation of a treaty with the United States in 1934. Perhaps I may cite the letter referred to. I think it is important. On page 9 of the pamphlet issued by the Government last year we find our Canadian Minister in Washington making this statement to the Secretary of State of the United States:

The Government of Canada would therefore favour, as the first step, the reductions included in the proposals set out in the next paragraph, to be succeeded by progressive mutual reductions in the duties on natural products, leading to the attainment of the declared objective.

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

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

So the continuation of raw fox furs on the free list is simply a continuation of the

policy of the late Government and of the policy that has been in force under our tariff for the past thirty years, or perhaps longer.

Now may I refer to quotas? While the quotas on some articles going to the United States—such as cream, potatoes, lumber and cattle—are not as large as we should have liked to see them, the United States has dealt fairly generously with us in respect to the method by which they will be interpreted. Quotas, of course, apply to all articles of the class or kind referred to. Under the agreement, if concessions are given by the United States to any third country they shall apply also to Canada; and if a third country, such as Mexico, should increase her exports to the United States, the quota, as far as Canada is concerned, would be interpreted on the basis of our trade over a representative period of years prior to the coming into force of the agreement. So we have nothing to fear with respect to any change that may take place in the exports of any other country into the United States.

It is unfortunate, I think, that the honourable member from Westmorland (Hon. Mr. Black), who spoke a few days ago, should have referred to the duty as applying to table potatoes. The treaty does not reduce the duty on table potatoes going into the United States, but it does appreciably reduce the duty on seed potatoes. While seed potatoes going into the United States are subject to 75 cents per hundred pounds, the treaty reduces this duty to 60 cents per hundred pounds between the 1st of December and the end of February, and to 45 cents per hundred pounds between March 1 and November 30. That is an appreciable reduction, and is of benefit to the growers of the Maritime Provinces, particularly those of Prince Edward Island, where we have specialized to a considerable degree in the growing of seed potatoes for sale to the Southern States. In years gone by, though not so much in the immediate past, that business was a profitable one. The treaty guarantees it for the life of the agreement.

Furthermore, there is a change in the import regulations which is of benefit to us. The United States were generous enough to accept as prima facie evidence of the fact that our potatoes are seed potatoes, the certificate of the Government inspector in Canada stating that they are such and are intended for the purpose for which they are permitted to enter under the low rate of duty. Prior to 1932 we enjoyed the privilege of shipping potatoes to the United States in the early part of the season, and putting them in bond. In the early winter the Maritime Provinces are able to ship by water to the American ports, and, by reason of the cheaper rates, to save almost enough to pay the duty. Otherwise we should be very much handicapped in competing with Maine. In order to get the low rate we have to ship before December. Under the old arrangement, if we had done that, we should have had to pay the higher rate of duty applicable between December 1 and March 1; but the regulations have been so arranged as to give us the privilege of putting in our potatoes under general order warehouse regulations and paying the duty when they are taken out of bond. We could do that prior to 1932, but as some of the American importers were violating the provision under which it could be done, that right was cancelled. Seed potatoes can now be entered at any Atlantic port and put into storage by the customs officers, and kept there until the 1st of March, after which they may be taken out under the lower rate. This, I think, shows the spirit of the agreement in relation to trade barriers, and it is apparent that our efforts towards the efficient functioning of the treaty are being met with a good measure of fairness by the United States.

It is important for the people of the Maritime Provinces to have as wide a market as possible for their potatoes. Our farmers depend very largely upon potatoes for their cash crop. Formerly we enjoyed a market in Cuba for table potatoes, but some years ago, owing to a change in the Cuban tariff regulations, a preference of fifty per cent in duty was given to the United States, and this made it impossible for us to sell in that market except for a few seed potatoes and some potatoes of second size which were used for seed. Formerly we shipped from three to four million bushels annually—a trade which was of real help to the growers of the Maritime Provinces.

Since losing that outlet we have suffered from a restricted market for table potatoes. Not being able to sell over the duty of 75 cents, we have had only the Canadian market. If there is a good crop throughout Canada each province can readily raise potatoes sufficient for its own needs. We therefore welcome the easing of duty in the American market by this agreement.

There is another item which is of interest to the people of the East, and, I think, to the people of other parts as well. I refer to the reduction on cattle, particularly dairy cattle. Some years ago we, in common with breeders in Ontario and Quebec, enjoyed a very good market for our milch cows in the New England States. Pure-bred cows now go into the States free of duty. On other cattle the tariff is three cents a pound, except dairy cattle of grade

varieties, on which the rate under the treaty is one cent and a half. Now, the bulk of the cattle that we produce are dairy cows. We can raise them cheaply and well, and they are highly thought of and readily purchased by dairymen of the New England States. I think it is generally felt that the halving of the duty on dairy cows will be of real benefit to cattle shippers of the Maritime Provinces.

I should like to refer to a statement quoted a few evenings ago by the honourable senator from Peterborough (Hon. Mrs. Fallis) from the unrevised Hansard report of a speech made by the Prime Minister in another place. I appreciate the confidence the honourable senator showed in the Prime Minister by taking as correct, without checking it, a figure found in that report. It was stated that in 1929 the exports of cream to the United States were over 5,000,000 tons. It is obvious that that could not possibly be so, for it would mean we had exported the stupendous quantity of ten billion pounds. The statement should have read that the exports amounted to $5,000,000 in value, and this correction was made by the Debates Office of another place as soon as the error was noticed.

There is another item in the treaty which will be of real benefit to the Maritime Provinces, and particularly to Prince Edward Island, and that is table turnips. In the last decade we have built up a fine business in growing table turnips and shipping them to New England markets. Ontario and Prince Edward Island are the only provinces that really specialize in these shipments to the United States, and Ontario has been in the business for the longer time. We have made good progress on the Island. I have not the exact figures at hand, but I know that last year our exports ran around two million bushels. In value they varied from $396,000 to $630,000 annually over the period from 1931 to 1935. The former duty of twenty-five cents a hundred pounds, which was not really high, has been cut in half, to twelve and one-half cents. Our people will be encouraged to grow table turnips to a greater extent than before.

Now may I make a few remarks with regard to the question of lumber, which was referred to by the honourable senator who spoke immediately before me (Hon. Mr. Gordon). The reduction in duties on lumber under this agreement is a real benefit to eastern, central and western Canada. I have in my hand a report prepared by the Department of Trade and Commerce from which some figures were quoted a few days ago by an honourable senator on the other side. It gives in detail the duties prevailing under various tariffs in the United States from 1921 up to the present time. Under the Hawley-Smoot tariff, sawed boards, planks, deals, and sawed timber, of fir, spruce, pine, hemlock or larch, entered the United States free on a reciprocal basis, up to June 21, 1932. Since that date there has been a duty of $1, plus $3 revenue tax, or $4 a thousand feet. By this agreement the duty is reduced to fifty cents and the revenue tax to $1.50, or $2 in all. But in the case of Douglas fir and Western hemlock these rates of duty and tax do not apply to more than 250 million board feet in any calendar year.

Hon. Mr. GORDON: How can you reconcile that statement with item 1803 (1) of the United States tariff?

Hon. Mr. SINCLAIR: I think that item applies to timber.

Hon. Mr. GORDON: It also applies to lumber not further manufactured than planed, and tongued and grooved.

Hon. Mr. SINCLAIR: The item reads:

> Timber hewn, sided, or squared, otherwise than by sawing, and round timber used for spars or in building wharves; sawed lumber and timber, not further manufactured than planed, and tongued and grooved; all the foregoing, if not of balsa or teak, and not specially provided for, free.

The last four words, "not specially provided for," mean that the item does not apply to anything that is specially provided for.

Hon. Mr. GORDON: But does my honourable friend not see that that item provides for free entry of more than is covered by the statement he was reading? This refers to tongued and grooved lumber—

Hon. Mr. SINCLAIR: The words "not specially provided for" mean that the item does not apply to goods of the class referred to in the statement I was quoting.

Hon. Mr. GORDON: I venture to say that if the statement read by my honourable friend does actually apply, not one thousand feet of lumber will go into the States under this agreement.

Hon. Mr. SINCLAIR: That may be. The honourable gentleman may be correct in that.

The next item referred to in the statement is "Other softwood, except cabinet wood." Under the Hawley-Smoot tariff that was free, but after June 21, 1932, it was subject to a revenue tax of $3 a thousand feet. In this agreement that tax is cut in half, to $1.50. Then hardwood of all kinds, except flooring of maple, birch and beech, was free up to June 21, 1932, when it also was made subject to a revenue tax of $3. And under the agreement this tax likewise has been reduced to $1.50.

On flooring of maple, birch and beech the duty under the Hawley-Smoot tariff was 8 per cent, but there was no revenue tax. The agreement cuts that duty in half, to 4 per cent. Flooring of other kinds of wood, except those I have just referred to, was free up to June 21, 1932, at which time a revenue tax of $3 a thousand feet was imposed. Under the agreement it is still free and the tax has been reduced by one-half.

Item 1803 (1), to which my honourable friend has called attention, applies only to such lumber, other than balsa or teak, as is not specially provided for.

Hon. Mr. GORDON: Then will my honourable friend tell me what kind of lumber does go in free, under that item? There is nothing.

Hon. Mr. SINCLAIR: Timber.

Hon. Mr. GORDON: But the item also mentions lumber.

Hon. Mr. SINCLAIR: If the honourable senator wishes to know what lumber is admitted free to the United States under item 1803 (1) he will have to get the details from the Customs or the Department of Trade and Commerce.

Hon. Mr. GORDON: I think you will find that none goes in free.

Hon. Mr. SINCLAIR: While that item is placed on the free list, it is subject to $1.50 revenue tax, which tax had been $3 prior to this agreement. The President had no authority to reduce either excise taxes or duties more than fifty per cent.

May I add this, with regard to lumber? Item 401 of the United States Tariff Act of 1930 imposed a duty of $1 a thousand feet board measure on sawed lumber of fir, spruce, pine, hemlock or larch. There was, however, in this paragraph a proviso exempting from such duty certain classes of lumber "when imported from a country contiguous to the Continental United States, which country admits free of duty similar lumber imported from the United States." Now we know that at that time no duty was applied on Canadian lumber of the classes in question. But in 1931 our Government imposed on lumber a special war revenue tax of one per cent, which was interpreted by the United States Customs as a duty, and as justifying them in applying a duty of $1 per thousand to imports from this country. Negotiations were carried on between the Governments of the two countries, I think, although I have not seen the correspondence, and late in the autumn of the same year our Government, by Order in Council, suspended the application of the excise tax; and then the United States cancelled their duty of $1. Later on that year, in November, our Government passed a further Order in Council, making this exemption retroactive to the time that the Budget was brought down, in order to keep lumber on the free list. There was no change from that time until April 6, 1932, when the Budget resolutions increased the special excise tax from one to three per cent. In the following June the American Government imposed a tax of $3 a thousand feet upon imports of lumber. It does seem to me that by negotiation the two Governments might have avoided the imposition of these taxes. The reduction under this agreement will be of substantial benefit to Canada.

May I cite a Canadian Press dispatch from Victoria, of March 28, which appeared in an Ottawa paper last month. It refers to record activities in the timber market on Vancouver Island and reads:

> Greater activity in the standing timber market and in logging and milling operations than at any time in the history of Vancouver Island was revealed in a survey made public to-day.
>
> Within the last few weeks billions of feet of standing timber, mostly Douglas fir, have been acquired by operating companies in a series of deals running into millions of dollars. New operations are being opened on both the east and west coasts of the island.
>
> A check of the operating companies to-day indicated 1,500 men are being added to staffs of logging and milling companies in the area between Victoria and the Nanaimo-Alberni line. Above the Nanaimo-Alberni line the big camps in the Campbell river area will be reopening on full production within the next few weeks, taking on more than 2,000 men.
>
> Reopening of the United States markets has been one of the favourable factors, mill operators said. At the same time exporters have been able to hold their market for higher grade lumber in England. There has also been a large demand from Japan.
>
> Log prices in the last year have risen 20 per cent. Prices of standing timber are stiffening, but not yet up to the pre-depression levels.
>
> Producers see possibilities of the Canadian market on the prairies opening up with renewal of construction activities. This market has taken little for 10 years.

Hon. Mr. GORDON: I am afraid that is too optimistic.

Hon. Mr. SINCLAIR: The Canadian Press has a reputation for reliability.

I think those who make a careful study of the agreement, particularly in relation to the items to which I have referred, will admit that this is a move in the right direction, for by the increase of our foreign trade there will be greater opportunities for employment, and these in turn will be reflected in better conditions throughout the country. All honourable members have practically admitted this.

True, there are differences between us, but they are largely matters of detail. Therefore I submit that the treaty is decidedly a step in the right direction and should be approved.

Hon. C. C. BALLANTYNE: Honourable senators, I cannot let the remarks of the honourable senator who has just taken his seat (Hon. Mr. Sinclair) pass without dissent. He said he was sure that all honourable members on this side agree with honourable members on the other side in favouring this treaty. Surely the honourable gentleman has listened to the numerous and very plainly spoken speeches from this side for the last few days. Certainly we do not agree with our honourable friends opposite that this is a good trade agreement. As my right honourable leader (Right Hon. Mr. Meighen) said a few days ago, we are not voting against it. But let there be no misunderstanding: we on this side of the House do not favour the treaty.

Hon. Mr. SINCLAIR: I may explain to my honourable friend that I based my statement on what is contained in the letter delivered by our Minister at Washington to the Secretary of State of the United States, which I thought reflected the views of the Conservative party.

Hon. JOHN A. MACDONALD (Cardigan): Honourable members, rising for the first time in this Chamber, I should like to say of the honourable gentleman whose seat I now occupy, the late Hon. John McLean, who died a few weeks ago in the ninetieth year of his age, that no finer gentleman ever lived.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MACDONALD: This treaty has been discussed so fully that I had not intended to take part in the debate, and I would not do so but for certain remarks made by the honourable gentleman from Queen's (Hon. Mr. Sinclair). To me it is amazing to hear any honourable gentleman from Prince Edward Island, of all places in Canada, defend the treaty. Prince Edward Island is already suffering, and will continue to suffer, from its operation. Of all places in Canada from which one might expect approbation of this treaty, certainly Prince Edward Island should be the last.

Hon. B. F. SMITH: What about New Brunswick?

Hon. Mr. MACDONALD: New Brunswick may get some little concession on lumber.

Hon. Mr. MURDOCK: Might I ask the honourable gentleman a question? What about a resolution passed by the Legislature of Prince Edward Island the other day?

Hon. Mr. POPE: Order in this court!

Hon. Mr. MACDONALD: I do not know to what resolution the honourable gentleman refers. The Legislature of Prince Edward Island has been in session for only two or three days.

Hon. Mr. MURDOCK: The Speech from the Throne stated that the trade agreement was a good one.

Hon. Mr. MACDONALD: Naturally the Liberal Premier of Prince Edward Island would say so. The honourable gentleman who preceded me (Hon. Mr. Sinclair) spoke of the concession on lumber. What use is that to Prince Edward Island? We are importers of lumber. While I am glad to see the lumberman get some benefit from this treaty, any resultant rise in the price of lumber will be to the detriment of the Island.

I could not follow the honourable gentleman's argument in favour of the treaty, unless he was attempting to show that in a general way it might perhaps benefit some other sections of Canada.

He referred to fox furs. We all know that these have been admitted into Canada free of duty for years. We are exporters in a large way, and we had hoped that under the treaty we should be given some concession on the entry of our furs to the United States market.

Then take potatoes. United States potatoes to-day enter Canada free of duty, and they are on the market in all our large cities and towns. If we try to put a bushel of table stock across the line we have to pay 75 cents a hundredweight. The honourable gentleman from Queen's reminded us of the concession secured for our seed stock, and spoke of storing our potatoes until the 1st of March in order to take advantage of the lower duty which would then be in operation. Surely he knows that almost all the seed potatoes we send across the line are planted by February at latest.

Hon. Mr. SINCLAIR: Only a very small percentage.

Hon. Mr. MACDONALD: No; a large percentage. The honourable gentleman should know that.

Hon. Mr. SINCLAIR: I have a record from the Customs Department that our seed potatoes are exported after the 1st of March.

Hon. Mr. MACDONALD: Those are planted in Carolina and Virginia.

Hon. Mr. SINCLAIR: My honourable friend is astray in his statement.

Hon. Mr. MACDONALD: Let us go a step further. What would happen if there were a market for our seed potatoes after the 1st of March? The quota is 750,000 bushels. I think the honourable member knows as well as I do that in recent years one concern in Prince Eward Island has on several occasions exported 1,250,000 bushels of seed potatoes. Now, under this treaty, we are told that from the whole of Canada we can send in a quota of only 750,000 bushels. That quota does not mean anything for us. But even if the quota were in effect during the season they would not buy from us.

Hon. B. F. SMITH: How are you going to compete with Maine?

Hon. Mr. MACDONALD: You cannot. My honourable friend from Queen's also referred to the Cuban tariff, and stated that it was imposed against Canada because of certain action taken by the late Government. That is not so. The Cuban Government shut out our potatoes after the British West Indies trade agreement was arrived at in 1926, because it was alleged we had discriminated against Cuban sugar.

We are getting a small concession on turnips —the only thing that can possibly benefit Prince Edward Island. But it is such a small item that it is scarcely worth talking about.

A good deal has been said during this debate about previous approaches between Canada and the United States regarding reciprocity. Some honourable members have even termed this treaty a reciprocity agreement. There is very little reciprocity about it. Indeed, it is a very one-sided bargain. But this subject has been already fully discussed and I will not pursue it.

Many honourable members will recall what led up to the reciprocity negotiations in 1911. It is common knowledge that prior to that year one of the major parties in the United States started a campaign for lower duties. Freer trade and lower tariffs were promised if that party came into power The dominant party decided that it would be a good political move to get ahead of their opponents on this issue, and therefore representatives were sent to Ottawa to open negotiation. Our people rejected the treaty. But what happened afterwards? Canada, without giving anything in return, got everything that the Reciprocity Treaty of 1911 would have given us.

Hon. B. F. SMITH: And more too.

Hon. Mr. MACDONALD: We got free entry for our potatoes and agricultural products generally. This condition lasted for ten years. What happened after that interval? I am one of those who are prepared to give credit to the right honourable leader of the present Government for every effort he has made to secure better trade arrangements with the United States. When the present Prime Minister first took office, in 1921, we had free entry to the United States for practically all our agricultural products. But year by year, commencing in 1922, the tariff was raised against us. When he went out of power after ten years in office the tariff against us was higher than ever before in the history of the country. Why?

Hon. Mr. MURDOCK: Because a Tory Government was in power in the United States.

Hon. Mr. MACDONALD: It was not because Mackenzie King failed to make every possible effort to get better treatment in that country, but because it was the policy of the United States to raise their tariffs against us. What happened after the Conservative Government came into power? The efforts were continued, but without success. The Conservative Government was no more successful than the Liberal Government had been, because the United States still refused to give any reasonable concessions in their markets. In other words, they refused to put any reciprocity agreement into effect.

Much has been said about the present treaty, but one thing we all know, and that is that such an agreement could have been made with the United States months before the Liberal Government came into power if the Bennett Government had been prepared to accept the kind of bargain the United States offered. But, to the credit of that Government be it said, it never would agree to a one-sided bargain such as we have before us to-day. The offer was rejected. I can understand, and I think honourable gentlemen can understand, why the present leader of the Government was so eager to effect a treaty immediately. I do not want to be considered as talking politically when I say this. The fact was that the Liberals had talked so much about reciprocity and what they would do if they came into power that they felt they must put this thing over at once. So they went to Washington, and without any consideration, without any argument, what did they do? As has been said here, they signed on the dotted line and took what was offered. It was not reciprocity, but a very poor bargain.

I come again to Prince Edward Island, because, after all, each of us is interested in the province he represents. Anybody who has

any knowledge of the potato business knows that as far as this agreement is concerned it does not give us a thing that is worth while. Take fish, for instance. What do we get on fish? We get a little trifle on smelts, but on items of any consequence, such as cod fish and haddock, we do not get any concession whatever. They are in the same category as our table stock potatoes.

The concession on potatoes is not the whole story. The fact that the United States can send potatoes here makes the situation very much worse. Previously American potatoes coming here had to pay 75 cents, the same amount as was paid on Canadian potatoes going to the United States. There was equality, but now there is no such thing. They pay nothing; we pay 75 cents. The result is that to-day the farmers in Prince Edward Island, New Brunswick and Ontario are not getting anything like the price they would have been getting if it were not for this treaty. The difficulty lies not so much in the fact that potatoes are coming in here in large quantities as in the constant threat that they will come. The consequence is that the dealers are afraid their market will be swamped with potatoes, especially when new potatoes are coming in.

I have this feeling about the agreement, and I hope I am right—no person, not even the Prime Minister or the Minister of Finance, can make a statement at this stage—that the men responsible for it, men of long experience in public life and possessed of at least common business sense, do not intend to let the existing condition continue. As there is a very easy way to correct it, I feel satisfied that it will be corrected. We know that United States potatoes are not specifically mentioned in the treaty. They are covered by a blanket clause which permits United States produce, not otherwise provided for, to come in under the most-favoured-nation treatment. That is how it happens that United States potatoes come in free. So, if there is one thing I want to do more than another it is to appeal to the Prime Minister and the Minister of Finance to see to it in the framing of the Budget this year that the tariff on potatoes from outside countries is raised to a reasonable point, for the United States will automatically come under the same tariff. I hope I am right in believing that these men will consider curing in this manner the condition I have referred to.

I shall not delay you much longer, honourable senators. I should just like to mention the fact that as far as Prince Edward Island is concerned the tariff generally is a handicap. We do not get much benefit from protection except in so far as it helps to maintain the industries of the rest of Canada and thus provide us with a market which is always open and free. As a matter of fact, in Prince Edward Island we do not strongly advocate tariffs; we accept them, and are prepared to accept them, simply because they furnish a market which no foreign country can take away from us. Were it not for the tariffs that maintain the industries of this country and support its industrial population, we should have no market at all if outside countries chose to erect a prohibitive tariff wall against us, and we cannot ourselves consume all of our own products.

I want to say that I am in favour of the principle of this agreement—

Hon. Mr. SINCLAIR: Hear, hear.

Hon. Mr. MACDONALD: —but I cannot sit quietly by, while it is going through, when I think it works an injury to the province which I have the honour to represent.

Hon. RAOUL DANDURAND: If no other members desire to speak, it is my privilege to close the debate.

I have listened attentively to all that has been said in this House since I moved the second reading of this Bill. My right honourable friend opposite (Right Hon. Mr. Meighen), who answered me, expressed the fear that this trade agreement would be on the whole unfavourable to Canada. He cited some figures showing that already the movement of trade between Canada and the United States indicated that we could hardly hope to receive any great benefit from the treaty. I realize, as he also would realize, that the first two months are not a real test of the value of the treaty. Many months must pass before we can form an opinion of what the results will be, but I have figures which indicate that they will not be unsatisfactory.

Here are the returns for January and February of 1935 and 1936. I do not know if they are exactly the same as those quoted by my honourable friend from Lethbridge (Hon. Mr. Buchanan).

	January, 1935	January, 1936	Increase	Percentage Increase
Imports from the United States	$23,157,000	$26,285,000	$3,128,000	13.5
Exports to the United States	17,529,000	20,130,000	2,601,000	14.8
	February, 1935	February, 1936		
Imports from the United States	$23,498,000	$25,975,000	$2,477,000	10.5
Exports to the United States	15,574,000	21,555,000	5,981,000	38.4

Now, combining the figures for January and February, they are as follows:

	January and February, 1935	January and February, 1936		
Imports from the United States	$46,655,000	$52,260,000	$5,605,000	12.1
Exports to the United States	33,103,000	41,685,000	8,582,000	25.9

I now come to the figures for the month of February, indicating the trend from the year 1921 to the year 1936.

Trade of Canada with United States for February
(Values approximated to nearest thousand)

Month of February	Imports	Domestic exports	Total (a)	Percentage of total trade to total trade in February, 1929
1921	$49,086,000	$32,495,000	$81,581,000	79.5
1926	48,088,000	33,403,000	81,491,000	79.4
1929	67,902,000	34,766,000	102,668,000	100.0
1930	54,881,000	33,457,000	88,338,000	86.0
1931	35,425,000	21,245,000	56,670,000	55.2
1932	22,294,000	14,454,000	36,748,000	35.8
1933	13,836,000	8,623,000	22,459,000	21.9
1934	19,634,000	14,393,000	34,027,000	33.1
1935	23,498,000	15,574,000	39,072,000	38.1
1936 (b)	26,000,000	22,000,000	48,000,000	46.6

(a) Excludes exports of Foreign Produce, which is a factor in the Balance of Payments, although not a product of Canadian industry.
(b) Provisional figures.

My right honourable friend the leader on the other side (Right Hon. Mr. Meighen) has suggested that the main increase in our exports would probably be in newsprint and pulpwood. But I have here a statement of exports to the United States, which indicates clearly that he is in error.

Exports to the United States

	January and February 1935	January and February 1936	Increase
Cattle	$ 427,000	$ 1,124,000	$697,000
Cheese	11,000	161,000	150,000
Fish	1,689,000	2,195,000	506,000
Paper (chiefly newsprint)	9,918,000	10,892,000	974,000
Planks and boards	820,000	1,370,000	550,000
Pulpwood	559,000	618,000	59,000
Shingles	472,000	710,000	238,000
Wood pulp	3,255,000	3,621,000	366,000
Alcoholic beverages (chiefly whisky)	1,058,000	3,451,000	2,393,000
Farm implements	104,000	432,000	328,000
Nickel	2,524,000	3,608,000	1,084,000
Asbestos	549,000	793,000	244,000
Other Agricultural Products—			
Horses, live	46,357	170,375	124,018
Poultry, live	698	18,207	17,509
Turnips	111,152	202,684	91,532

Considerable allusion has been made to farm implements. Here is a statement showing the trade in farm implements between the two countries for the months of January and February, 1935 and 1936. It will be seen that there has been a net gain to our industry.

Trade with the United States in Farm Implements

Months of January and February 1935 and 1936

	January 1935	January 1936	Increase
Exports to the United States	$ 31,000	$223,000	$192,000
Imports from the United States	174,000	319,000	145,000
Net gain to industry			$ 47,000
	February 1935	February 1936	Increase
Exports to the United States	$ 73,000	$209,000	$136,000
Imports from the United States	343,000	425,000	82,000
Net gain to industry			$ 54,000

Well, those figures certainly are not discouraging, contrary to what the remarks of some honourable members would lead one to expect.

My right honourable friend expressed fear of the consequences of a sudden change of tariff policy by the United States. He cited the experience of 1912-13, when a free exchange of wheat was abruptly terminated by that country. But perhaps his memory is faulty. The Underwood Tariff of the United States, which came into force on October 3, 1913, provided for a duty of 10 cents a bushel of 60 pounds on wheat, but there was a proviso to the effect that wheat could be imported free of duty from countries which did not impose any duty on United States wheat. I cannot find that there was any action taken by Canada to secure free entry for wheat in 1913, but on April 16, 1917, an Order in Council was passed providing for the admittance of United States wheat free of duty. Consequently, from April, 1917, to May, 1921, when the Emergency Tariff came into force, Canadian wheat was admitted into the United States free of duty under the reciprocal provisions of the Underwood Tariff.

The position is similar with respect to potatoes. The Underwood Tariff provided for a duty of 10 per cent ad valorem, but there was a proviso admitting potatoes free of duty from countries which did not impose any duty on United States potatoes. By Order in Council the Canadian Government provided for the entry free of duty of United States potatoes in 1918, and from November of that year until May, 1921, when the Emergency Tariff came into force, Canadian potatoes were admitted into the United States free of duty under the reciprocal provisions of the Underwood Tariff.

Regret has been expressed at the fact that the duty on furniture has been reduced from 45 to 27½ per cent, and that potatoes and magazines are on the free list. Our new lady member (Hon. Mrs. Fallis), to whom we listened with great delight, made particular reference to magazines. Now, as honourable senators know, if the Bennett Government had succeeded in reaching an agreement with the United States those items would be the same as they are now. Mr. Bennett offered most-favoured-nation treatment, which implied the intermediate tariff, and as a matter of fact the intermediate tariff is mentioned in Hon. Mr. Herridge's communication.

Hon. Mr. MACDONALD (Cardigan): But the Bennett Government asked something in return.

Hon. Mr. DANDURAND: Whatever might have been obtained in return, the fact is that furniture, potatoes and magazines would have been as they are under this agreement, because the offer of the Bennett Government was to that effect.

Hon. Mr. GILLIS: They did not make the agreement, though.

Hon. Mr. DANDURAND: No.

Hon. Mr. GILLIS: They would not.

Hon. Mr. DANDURAND: I shall come to the matter of quid pro quo. But I say now that no stone can be thrown at the present Government as regards furniture, potatoes and magazines, because these items are the same as they would have been if the late Government had actually made an agreement based on the terms of its offer.

Hon. Mr. GILLIS: The honourable gentleman is speaking of something that could not have happened, because they would not agree to the general terms offered by the United States. Consequently there is no analogy.

Hon. Mr. DANDURAND: Of course, we get under this convention much more than was refused by the late Government.

I draw the attention of honourable senators to the fact that before Mr. Bennett left on his first trip to London he had Parliament make a considerable increase in duties under the general tariff and the intermediate tariff. We all know of his very cool reception by the British Government, which felt that he had raised the tariff walls so high that even if they were lowered ten per cent, as he offered to lower them, it would be impossible to get British goods over them. Now, although Mr. Bennett was negotiating with the United States during 1934 and 1935, he did not raise the intermediate tariff on those three items: furniture, potatoes and magazines. I am surprised that he did not do so. Questions were asked of the Government last session as to what negotiations were being carried on and what advances were being made, and in response to those questions the Prime Minister would say: "Please do not press the matter. We are negotiating." After we came into power we entered into negotiations and made the same offer that the Bennett Government had made, namely, most-favoured-nation treatment—the intermediate tariff. We could not have progressed at all if we had offered anything less, because the United States were opposed to granting us any concessions unless we extended to them most-favoured-nation treatment.

I am not recriminating at all. I have the highest esteem and respect for the qualities of Right Hon. Mr. Bennett, and I take it for granted that he did his level best in trying to convince the authorities at Washington that they should give him better terms.

Hon. Mr. CASGRAIN: It was our national brother-in-law who was negotiating, was it not?

Hon. Mr. GILLIS: A nice remark! That is on a very high plane.

Hon. Mr. DANDURAND: I submit it is unjust to criticize the Government with respect to these three items, when what has been done is exactly what the Bennett Government offered to do.

Hon. Mr. TANNER: I think my honourable friend would be well advised not to make so many assurances. The fewer he makes now the fewer he will have to take back next year.

Right Hon. Mr. GRAHAM: Are you afraid history will repeat itself?

Hon. Mr. DANDURAND: I do not claim to be a prophet in this matter or in any other.

My good friend from Montarville (Hon. Mr. Beaubien) complained that our manufacturers are unduly threatened, if not actually injured, by this convention, and he dilated on his belief that they would be placed in a very difficult position. How would they be injured by the intermediate tariff? It is what the late Government offered. I am of opinion that our manufacturers are not prejudicially affected. I do not say that some may not have to brace themselves to meet a certain amount of competition, but I would draw the attention of this Chamber to the fact that the intermediate tariff has been raised considerably and is as high as, and in some instances higher than, the general tariff of 1929. I have not met many manufacturers, but they have their mouthpieces in the Press. I have not heard from these sources that the manufacturers feel they are very much injured by this trade agreement.

When I told my honourable friend from Montarville that the late Government had offered the intermediate tariff, he replied, "Yes, but they asked for better conditions"; just as I heard a moment ago from another honourable gentleman opposite, "The late Government wanted better conditions." My reply is simply this: whatever better conditions the late Government might have obtained, it was bound to introduce that element of competition for our manufacturers which is found in the intermediate tariff.

I say there is something illogical in the affirmation that we who incline towards freer trade may have injured the manufacturers of Canada by showing less interest in their welfare than would be possible under the traditional Conservative tariff policy. I submit that whatever concessions might be obtained from the United States, our manufacturers would under the intermediate tariff offered by the Bennett Government be in no better position than they are under the present convention.

Hon. Mr. BALLANTYNE: If my honourable friend will allow me—the gist of his remarks is that the Conservative Government would have made such a treaty under the conditions he describes. It might be of interest to him to know that last September I was in Montreal with the former Prime Minister when he met a group of the largest manufacturers in that city and told them that he

could not see any possibility whatever of coming to a satisfactory agreement with the United States. Now, I ask my honourable friend, why assume the Conservatives would have negotiated this treaty?

Hon. Mr. DANDURAND: I will put this question to my honourable friend. On the hypothesis that the Bennett Government would have obtained better conditions for entry of our goods into the United States market, would not the manufacturers of Canada have been subjected to keen competition under the intermediate tariff? I say to our manufacturing industry, whatever might have been the advantages obtained in the American market under such an arrangement, the American competition in our market would have been the same as under the present convention.

Hon. Mr. MACDONALD: May I interject that so far as potatoes are concerned I should be perfectly satisfied to give United States potatoes free entry into Canada if the American Government would give us a reciprocal concession.

Hon. Mr. DANDURAND: Right Hon. Mr. Bennett could, last session, have put potatoes in the intermediate tariff, but he did not do so. Now my honourable friend says, "I hope the Government under its discretionary power to apply the intermediate tariff will protect us." That is to say, he hopes that the present Government will do what perhaps the late Government should have done last session. I do not know what will be done, and I shall not know until the Budget comes down.

The question is, have we secured a fair quid pro quo? It is always easy to object that we should have obtained better terms, but I submit that the King Government obtained from President Roosevelt more than was offered to the Bennett Government. Those who have had to do with affairs of state know that one cannot bring into the public arena the conferences and negotiations that precede a treaty. But, strange to say, the Mail and Empire on the 5th of November last contained the following, and so close is it to what was being mooted between the two Governments that it was alleged it must have been inspired:

> Under the late Government the reciprocity negotiations with the United States blew up when President Roosevelt definitely and categorically declared his inability to extend any concessions on any terms to:
>
> The codfishing and halibut fishing industry of the Maritime Provinces.
>
> The potato growing industry of the Maritime Provinces.
>
> The dairying industry of Ontario and Quebec.
>
> The wheat growers of the Prairie Provinces.
>
> And anything effective for the cattle raisers of the West.

Mr. Roosevelt was prepared to extend concessions to:

Canadian lumber.

Canadian alcoholic liquors.

The haddock fishing industry of the Maritimes to the extent of a limited quota arrangement which would extend but limited benefit to the fishermen.

The live stock breeders of the West upon a combined quota and price arrangement which would mean but little to the industry.

It is in comparison with these limited benefits proffered to Mr. Bennett that any arrangement negotiated with Mr. King will be judged.

I believe that that was pretty much the point where negotiations stood when the King Government came into power.

I would ask honourable members, comparing what is reported here with what appears in this trade agreement, whether there are not the following apparent additional concessions. I may say that the United States imports from Canada by calendar years are based on figures of the United States Bureau of Statistics.

Halibut (fresh or frozen)

A 50 per cent reduction.

United States imports: 1929, $676,000; 1934, $261,000.

Potatoes

Seed potatoes, reduction on 750,000 bushels annually, from 75 cents per hundredweight to (December to February, inclusive) 60 cents per hundredweight; or (March to November, inclusive) 45 cents per hundredweight.

United States imports: 1929, $600,000; 1934, $223,000.

Dairy Products

Cream, reduction on 1,500,000 gallons annually, from 56·6 cents per gallon to 35 cents per gallon.

United States imports: 1929, $5,182,000; 1934, small.

Cheddar cheese, reduction from 7 cents per pound (minimum 35 per cent ad valorem) to 5 cents per pound (minimum 25 per cent ad valorem).

United States imports: 1929, $1,818,000; 1934, $140,000.

Wheat

Wheat unfit for human consumption, by-product feeds and mixed feeds, and screenings, 10 per cent ad valorem rate bound against increases.

United States imports: 1929, over $8,372,000; 1934, $6,564,000.

Hulled oats, unfit for human consumption, 50 per cent reduction.

Cattle

Heavy cattle (over 700 pounds per head), reduction on 155,799 head annually, from 3 cents to 2 cents per pound.

United States imports: 1929, $9,900,000; 1934, $4,000.

Calves (under 175 pounds), reduction on 51,933 head annually, from 2½ cents to 1½ cents per pound.

United States imports: 1929, $1,000,000; 1934, $3,000.

Dairy cows (over 700 pounds), reduction on 20,000 head annually, from 3 cents to 1½ cents per pound.

United States imports: 1929 (estimated), $500,000; 1934 (estimated), $2,000—

and so on. I stop there to point out that these concessions obtained by the King Government were not offered to the Bennett Government.

Within the last two hours one of my honourable friends opposite has said that the Prime Minister went to Washington and signed where he was told to sign. I would direct his attention to the fact that Right Hon. Mr. King obtained these concessions—concessions which Right Hon. Mr. Bennett could not obtain. Whether the Bennett Government would have accepted those advantages had they been offered it at the time, I do not know. Be that as it may, it will, as I said in my opening remarks, be several months before we shall know where we stand, but I feel this treaty gives us considerable advantages. Of course, I realize it is not what the Reciprocity Treaty of 1911 gave us.

Hon. Mr. GILLIS: Why did you not get it?

Hon. Mr. DANDURAND: Because the Conservative party sinned against the most sacred interests of Canada.

Hon. Mr. GILLIS: The honourable gentleman's party is in power now and could have obtained a similar treaty according to his idea of the negotiations.

Hon. Mr. DANDURAND: That opportunity was lost in 1911. Wheat and potatoes were free under the 1911 treaty. In this connection I recall an incident which is illuminating. Mr. Carvell, who formerly represented a New Brunswick constituency, left Sir Wilfrid Laurier to join the Union Government. Later he was appointed to the chairmanship of the Dominion Railway Board. A few years afterwards I was in company with some members of Parliament and senators on board a train moving towards Montreal. Mr. Carvell was sitting apart, somewhat estranged, for we were fast friends of Sir Wilfrid Laurier, from whom he had separated. Someone said, "It was nothing short of a crime for Canada to reject the Reciprocity Treaty of 1911." Mr. Carvell could not restrain himself. He jumped up and said, "It was a crime." He was speaking for New Brunswick, for Prince Edward Island. Under that treaty potatoes and all the other products of the farm were free. To this day, as I said when moving second reading of this Bill, I have retained a feeling of grievance towards the electorate of Canada. My honourable friend from Rigaud (Hon. Mr. Sauvé) said this afternoon, in French, that the people had spoken against reciprocity. That is the only reason given for its rejection in 1911. But the people of Canada did not speak against reciprocity. The province of Quebec was carried by our opponents on the cry raised against any contribution to British wars except for the defence of Canada. That was the slogan of Mr. Bourassa's Nationalism, supported by Mr. Monk, Sir Robert Borden's lieutenant in Quebec, and subsidized by money of the Conservative party. So I say that the 1911 election did not show the opinion of the people. I repeat that if Sir Wilfrid Laurier, instead of going to the people and trying to arouse sentiment throughout the land in favour of his proposal, had favoured a referendum, two-thirds and more of the people of Canada would have voted for the treaty of 1911. That treaty has gone, but if you will compare it with this convention you will find that it was a mine of prosperity. Time has passed, and we have done our best. We hope the United States and Canada will benefit.

I close with this statement to the honourable senator from Montarville (Hon. Mr. Beaubien). He said: "See what will happen if the balance of trade with the United States is against us." I could have put the question to him: "Do you claim that in every agreement with every country of the world we should try to have the advantage in favour of Canada?" That is not fair trade. Fair trade is an exchange, and while the balance of trade with the United States may be against us, we may have a large balance in our favour with Great Britain. It is a triangle. Settlement is made in New York. If during some years prosperity has been great, it has been great because of the exchange between Canada and the United States and between Canada and Great Britain.

Some Hon. SENATORS: Question!

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

THIRD READING

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

He said: As we cannot amend this convention, although we have the right to reject it, I suggest that we dispense with the committee stage and proceed with the third reading of the Bill.

Hon. Mr. GILLIS: Now?

Hon. Mr. CASGRAIN: By leave of the House.

Hon. Mr. DANDURAND: That was the suggestion that I made to the right honourable leader on the other side, and he agreed.

Hon. Mr. BALLANTYNE: We have no objection.

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

SASKATCHEWAN SEED GRAIN LOANS GUARANTEE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 23, an Act to assist the Province of Saskatchewan in financing the cost of seed and seeding operations for the crop year 1936.

He said: During the past few years the Dominion Government, under authority of Orders in Council passed pursuant to relief legislation, granted to the Prairie Provinces financial assistance for the purpose of enabling farmers to purchase seed grain and to carry on seeding operations generally. This assistance was given by way of loans to the province, secured by provincial treasury bills.

When the Government of Saskatchewan applied to us for financial assistance to cover the cost of seed and seeding operations for the 1936 crop season, we advised it that any such assistance, if granted, would be by way of a Dominion guarantee. In the case of loans obtained from the banks by municipalities the provincial government guarantees repayment. The Dominion undertakes by this proposed legislation to supplement the provincial guarantee. In the case of loans made by banks for seed grain assistance required in the local improvement districts where there is no municipal organization, and where the Department of Municipal Affairs operates in its stead, the money is borrowed by the Minister of Municipal Affairs, the province and the Dominion guaranteeing repayment of such loans to the banks. More detailed information can be furnished on that point.

The Bill before us authorizes the Dominion to guarantee bank loans made under the Seed Grain Act of 1936. It says:

> The Governor in Council, subject to the provisions hereof, may authorize the guarantee of the principal and interest of any loans made by any chartered bank and guaranteed by the Province of Saskatchewan under the authority of The Municipalities Seed Grain and Supply Act, 1935, of Saskatchewan and amendments thereto, for purchasing seed grain and providing other assistance to farmers in connection with seeding operations during the spring of 1936.
>
> The Governor in Council, subject to the provisions hereof, may authorize the guarantee of the principal and interest of any loans made by any chartered bank and guaranteed by the Province of Saskatchewan under the authority of The Local Improvement Districts Act, 1936, of Saskatchewan or of The Local Improvement Districts Relief Act of Saskatchewan and amendments thereto for purchasing seed grain and providing other assistance to farmers in connection with seeding operations during the spring of 1936.
>
> The guarantee or guarantees given under the authority of this Act may be in such form and on such terms and conditions as the Governor in Council may approve and may be signed on behalf of His Majesty by the Minister of Finance or the Acting Minister of Finance or by such other person as the Governor in Council may from time to time designate.
>
> The aggregate principal amount of loans guaranteed by the Government of Canada under the authority of this Act shall not exceed four million dollars ($4,000,000).
>
> No guarantee shall be given under the authority of this Act, unless provision is made that the liability of the province of Saskatchewan and the Government of Canada in respect of any such loan guaranteed by them shall be separate and successive and not joint and that the Government of Canada shall only be liable to implement its guarantee in respect of any loan to the amount that the province of Saskatchewan is unable to implement its guarantee in respect of the same loan.
>
> No guarantee shall be made under the authority of this Act unless provision is made that if, at the end of the period of not exceeding three years for which any such guarantee is given, the Government of Canada is required to pay any amount in respect of any such guarantee, the province of Saskatchewan will deliver to the Minister of Finance treasury bills or other obligations of the province of Saskatchewan in such form and subject to such terms and conditions as the Minister of Finance may approve, equal in principal amount to the amount which the Government of Canada is so required to pay.
>
> The Governor in Council shall have full power to make all such orders and regulations as may be deemed necessary or desirable to carry out the purposes and intention of this Act.

I think I have given the purport of the Bill.

Right Hon. Mr. GRAHAM: It just follows its predecessors.

Hon. Mr. DANDURAND: This Act may be cited as the Saskatchewan Seed Grain Loans Guarantee Act of 1936. If there is no opposition to the principle of the Bill, I would ask that it be given second reading now.

Hon. Mr. HAIG: May I ask the honourable leader of the House a question? Does this Bill give the Government a blank cheque such as was given to the Bennett Government under the old Relief Act, or is the amount specified?

Hon. Mr. DANDURAND: The amount is limited.

Right Hon. Mr. GRAHAM: It must not exceed $4,000,000.

Hon. Mr. HAIG: Up to that it is not limited?

Hon. Mr. GILLIS: Has the honourable leader any information as to how the figure of $4,000,000 was reached? Is it just guesswork, or what is it? The amount specified may be insufficient or it may be more than enough. If the amount specified is not required, what is to become of the balance?

Hon. Mr. PARENT: It may already have been expended.

Hon. Mr. GILLIS: I do not think the honourable gentleman is quite correct in that regard. I suppose the honourable leader has no information as to how the estimate was made of the requirements for seed and to assist farming operations. I should be glad to know if he has such information.

Hon. Mr. DANDURAND: I have not the answer to my honourable friend's question. Two general methods will be followed in the financing of seed grain requirements for 1936. The first is through advances by mortgage companies, with a provincial government guarantee for repayment, as provided for by the Seed Grain Advances Act of Saskatchewan. Mortgage companies which have clear-title land are expected to finance their tenants without government guarantee and security. Reeves and treasurers of municipalities have been advised by the Provincial Government that advances for seed grain to applicants whose land is under mortgage are not to be made until reliable information has been furnished to show that the mortgagee is unable or unwilling to finance the applicant.

The second method is (a) by municipal loans from banks, these to be guaranteed by the province and supplemented by Dominion guarantee; (b) by loans obtained from banks by the Minister of Municipal Affairs and guaranteed by the province and the Dominion for seed grain asistance in the local improvement districts; and (c) by loans obtained from banks by the Minister of Municipal Affairs and guaranteed by the province and the Dominion for seed grain assistance to certain farmers in rural municipalities.

Under the first method the farmer is permitted to apply directly to his mortgage company or to the municipality. If the application is made direct to the mortgage company, it will be accepted or rejected and the municipality in which the applicant lives will be notified accordingly. If the application is made to the municipality, it is to be approved of in accordance with the general regulations and forwarded to the mortgage company for attention. In this connection as well, the mortgage company will notify the municipality as to whether the application has been accepted or rejected. After the mortgage company has approved the application it will issue authority directly to the borrower to secure his grain and submit the accounts direct to the company for payment. This procedure prevents duplicate advances being made by the mortgage company and the municipality. It is estimated that the mortgage companies will advance approximately $1,000,000. No guarantee is requested from the Dominion in respect of such loans.

With respect to loans to be guaranteed by the province and the Dominion, the representative of the provincial Department of Agriculture will sit with the committee of the municipal council and pass upon every application. The municipality will make a report to the provincial Department of Agriculture, and, finally, a total credit will be established for that particular municipality.

The farmer will enter into an obligation, agreeing to pay the amount borrowed plus interest thereon at the rate of 6 per cent per annum. As security for the advances, the municipality will be given a statutory first charge upon the borrower's crop for the current and the next succeeding year, and in addition a charge upon the land of the borrower. A rebate of one per cent interest to the farmer is to be permitted if the loan is paid not later than a date, to be fixed, in the autumn of this year. The rate of interest charged to the farmer will be the same as that charged by the mortgage companies, namely, 6 per cent.

The Dominion proposes to give its guarantee only in cases where assistance cannot be secured otherwise, or where the banks are not in a position to finance the farmer or the municipality without requiring our guarantee. Furthermore, the Dominion guarantee will be given only where the bank has agreed to an interest rate not exceeding 4 per cent. The difference between the rate charged the farmer and the rate paid to the bank is to be set aside by the province as a reserve against loss. Any moneys which the Dominion will have to provide in implementing its guarantee at the end of three years shall be secured by Saskatchewan treasury bills or other form of security, and the ultimate loss is to be borne by the province to the extent of 75 per cent and by the municipality to the extent of 25 per cent.

In local improvement districts which are administered, not by a local council, but by the Department of Municipal Affairs, the

Minister of Municipal Affairs will borrow from the banks and re-loan directly to farmers. The province and the Dominion will guarantee these loans. The rates charged will be the same as those I have already quoted. Checking of applications for loans will be done by provincial officials.

Because of the drought in the south, some farmers have left their farms there and settled in rural municipalities in the north. These rural municipalities have refused to assist such farmers, and it is necessary for the Provincial Government to provide the necessary assistance. An amendment is being made to the Local Improvement Districts Relief Act to enable the Minister of Municipal Affairs to borrow money to assist such farmers and to authorize the province to guarantee the repayment of moneys so borrowed.

Are these explanations satisfactory?

Hon. Mr. GILLIS: Yes, quite satisfactory. But I suppose the $4,000,000 is merely an estimate of what may be required, for it would be almost impossible to state a definite figure. This money will be used for supplying seed and assisting farmers generally, and if the whole of the sum is not required for that purpose the balance will not be used for any other purpose, I presume.

Hon. Mr. DANDURAND: It appears to have been only reasonable to fix a limit of $4,000,000. Every farmer will endeavour to finance himself through the loan companies. It is only when he fails to do so, and when the municipality is unable to come to his rescue, that advances will be made by the Provincial Government in conjunction with the Dominion Government.

Hon. Mr. HAIG: I should like to ask the honourable leader a question. I see no provision here for Alberta or Manitoba. Do they require no assistance?

Hon. Mr. GILLIS: Mr. Aberhart will look after Alberta.

Hon. Mr. DANDURAND: In the case of Manitoba negotiations have been going on with respect to similar assistance, and if such assistance is required a Bill along the lines of this one will be introduced at a later date. The amount involved in the case of Manitoba will be very much less than that required for Saskatchewan.

As to Alberta, the previous Administration authorized loans up to $2,250,000 to the Government of that province for various purposes. That was done by Order in Council of the 26th of September, 1935, P.C. 3045. One item in that Order in Council reads as follows:

Estimated cost of seed grain that should now be purchased in Alberta to secure proper seed, $300,000.

Since we took office loans totalling $3,932,000 have been authorized for payment to Alberta for relief purposes and to reimburse the provincial treasury on account of relief, including agricultural relief expenses previously incurred and paid from provincial funds. Consequently it is not expected that Alberta will require further assistance.

Hon. Mr. HAIG: Honourable senators, Alberta is not as large a wheat-producing province as is Saskatchewan, but normally there will not be much difference between the provinces as to the assistance required. Alberta's crop, too, has been affected by drought and rust.

Hon. Mr. DANDURAND: I see that to date Alberta has been provided large amounts, in which is included seed relief. So I do not know how that province stands to-day, nor what representations it will make.

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

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. DANDURAND: With leave, I would move the third reading now. It has been suggested by our legal expert, the Law Clerk of the Senate, that two small amendments should be made. I am not altogether reconciled with respect to one of those proposed amendments. The Law Clerk dislikes the word "implement," which occurs twice in subsection 1 of section 4:

No guarantee shall be given under the authority of this Act, unless provision is made that the liability of the province of Saskatchewan and the Government of Canada in respect of any such loan guaranteed by them shall be separate and successive and not joint and that the Government of Canada shall only be liable to implement its guarantee in respect of any loan to the amount that the province of Saskatchewan is unable to implement its guarantee in respect of the same loan.

The Law Clerk says that some years ago the use of this word caused, on an appeal to the Judicial Committee of the Privy Council, considerable expense to the Dominion. He adds that the word is marked "rare" in the Oxford Dictionary, and suggests that in this instance some other word be substituted, such as, for instance, "fulfil."

Right Hon. Mr. GRAHAM: "Perform" was another word he suggested.

Hon. Mr. DANDURAND: Do honourable senators think we should strike out "implement" and substitute one of the suggested

words? There was a third word suggested, but I cannot recall it at the moment and I have not the Law Clerk's memorandum before me.

Right Hon. Mr. GRAHAM: I do not think any one of them is better than "implement."

Hon. Mr. DANDURAND: Perhaps we might leave the Bill as it is in this respect, for the time being. We may be able to agree upon a different word in later bills.

Hon. Mr. MURDOCK: Why not let the matter stand until to-morrow, when the right honourable leader of the other side (Right Hon. Mr. Meighen) may be present?

Hon. Mr. DANDURAND: Yes. I also give honourable senators notice that another suggested amendment will be dealt with to-morrow. Section 5 says, "The Governor in Council shall have full power to make all such orders," and so on. It is simpler to say, "The Governor in Council may make all such orders."

It was ordered that the motion for third reading of the Bill be placed on the Order Paper for to-morrow.

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. Copp, the following Bills were read the second time:

Bill V, an Act for the relief of Ruth Fitzrandolph McMaster.

Bill W, an Act for the relief of Agnes Mercer Daniels.

Bill X, an Act for the relief of Gerald Thompson Miltimore.

1930 WHEAT CROP EQUALIZATION PAYMENTS BILL

FIRST READING

Bill 22, an Act to provide for the payment of certain sums of money to primary producers of Wheat with respect to Wheat of the 1930 crop delivered to provincial pool organizations.—Hon. Mr. Dandurand.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. MURDOCK: The Clerk says there is no business for to-morrow.

Hon. Mr. DANDURAND: It is true there is not very much, but I am expecting one or two important Bills from the Commons. So we had better meet at 3 o'clock to-morrow.

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

THE SENATE

Friday, April 3, 1936.

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

Prayers and routine proceedings.

SASKATCHEWAN SEED GRAIN LOANS GUARANTEE BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 23, an Act to assist the Province of Saskatchewan in financing the cost of seed and seeding operations for the crop year 1936.

He said: Honourable members of the Senate, last evening, when moving the second reading of this Bill, I drew the attention of my colleagues to a suggestion which had been made to me that the word "implement," which appears in lines 9 and 11 of the second page of this Bill, should be replaced by the word "fufil," "perform," or "complete," the reason being that some years ago, on an appeal to the Judicial Committee of the Privy Council, the use of the word "implement" had caused considerable uncontemplated expense on the part of the Dominion. I have no objection to the word "implement" being replaced by the word "fulfil."

Also, in clause 5 of the Bill there is an expression that might well be replaced by one word. Clause 5 says:

The Governor in Council shall have full power to make all such orders—

etc. It is suggested that we strike out the words "shall have full power to," and substitute the word "may."

Hon. Mr. SINCLAIR: Honourable senators, I move that this Bill be not now read a third time, but that it be amended by replacing the word "implement," on page 2, lines 9 and 11, by the word "fufil"; also that the words "shall have full power to" in line 24, page 2, be replaced by the word "may."

The proposed amendments were agreed to.

Hon. J. A. CALDER: Honourable members, before the Bill receives its third reading I should like to ask just one question. Is this the first piece of legislation whereby the Dominion Government guarantees loans made by a province for a matter of this nature? I am not familiar with the situation. It is quite possible that legislation of this kind has been passed before.

Briefly, the position as I see it is this. At least until a few years ago, or, so far as I know, up to the present time, when a province desired money for anything of a purely local provincial character the Federal Government was not called upon to guarantee any loan the province had made. It seems to me that if this is the beginning of this sort of thing it may be a little dangerous. I am not opposed to the legislation at all, because I understand the necessity for it. The question in my mind is whether or not the province of Saskatchewan, along with the other provinces, has reached a stage where it cannot secure from the banks the moneys that are necessary for provincial purposes. Is that the position to-day?

Hon. Mr. DANDURAND: It is.

Hon. Mr. CALDER: If that is so, I suppose this is the only way out of it. Then all I wish to ask is information as to whether or not this is the first legislation of such a character. If it follows the practice of the past there cannot be any objection to it at all, and if the financial situation of the Western Provinces is such that they cannot carry on, I suppose we shall simply have to agree to it.

Hon. Mr. DANDURAND: I have not at hand any information as to the assistance that has been given by the Federal Government during the last fifteen years, but, if my memory does not fail me, there have been measures authorizing us to advance money for seeding purposes. I think all the information my honourable friend requires will be found in our Hansard report of the statement I made yesterday on the motion for second reading, when I explained the whole modus operandi as to the giving of help under this Bill. There are provisions for safeguarding the interests of the Dominion. It will guarantee only after the Province has guaranteed, and will pay, upon the giving of security by the Province, only after the Province has failed to pay. Before a municipality or the Province will come to the rescue of a borrower he will have to show that the banks have refused to make him an advance. I think my honourable friend will find that the scheme is well devised to give the utmost protection to the federal treasury.

Hon. Mr. CALDER: I have no doubt of that at all; I do not question the provisions that are made for protecting the treasury in every way possible. My question is a simple one. Is this the first piece of legislation under which loans made by a provincial government, for purely provincial purposes, are guaranteed by the Dominion? That is a distinct point. I am quite aware that millions of dollars have been loaned out of the federal treasury to Western provinces; but this measure is not on that basis at all. The Province of Saskatchewan wishes to get money to expend on purchasing seed grains for farmers. Heretofore in a case of this kind a province has always arranged the necessary loans, so far as I know. The Federal Government has supplied seed grains to farmers on homesteads, but the local government has had to provide the money for seed grains needed by those who had acquired title to lands. Now, is this the first measure under which the Federal Government will guarantee loans made by a province for purely provincial purposes? If it is, we can see what may happen in future. Other provinces may come and ask the same kind of treatment with respect to all sorts of undertakings.

Hon. Mr. DANDURAND: As my honourable friend knows, direct help has been given by the federal treasury in the past. In reply to his question may I say that I surmise from the brief given to me that this measure is a new departure. I will read part of the information I gave yesterday on the motion for second reading.

During the past few years the Dominion Government, under authority of Orders in Council passed pursuant to relief legislation, granted to the Prairie Provinces financial assistance for the purpose of enabling farmers to purchase seed grain and to carry on seeding operations generally. This assistance was given by way of loans to the province, secured by provincial treasury bills.

When the Government of Saskatchewan applied to us for financial assistance to cover the cost of seed and seeding operations for the 1936 crop season, we advised it that any such assistance, if granted, would be by way of a Dominion guarantee. In the case of loans obtained from the banks by municipalities the provincial government guarantees repayment. The Dominion undertakes by this proposed legislation to supplement the provincial guarantee. In the case of loans made by banks for seed grain assistance required in the local improvement districts where there is no municipal organization, and where the Department of Municipal Affairs operates in its stead, the money is borrowed by the Minister of Municipal Affairs, the province and the Dominion guaranteeing repayment of such loans to the banks.

But the guarantee of the Dominion Government will be secondary to that of the province.

My honourable friend says that other provinces may apply for similar legislation. This is what I said yesterday, in reply to a question as to Alberta and Manitoba:

In the case of Manitoba negotiations have been going on with respect to similar assistance, and if such assistance is required a Bill along the lines of this one will be introduced at a later date. The amount involved in the case of Manitoba will be very much less than that required for Saskatchewan.

As to Alberta, the previous Administration authorized loans up to $2,250,000 to the Government of that province for various purposes. That was done by Order in Council of the 26th of September, 1935, P.C. 3045. One item in that Order in Council reads as follows:

"Estimated cost of seed grain that should now be purchased in Alberta to secure proper seed, $300,000."

Since we took office loans totalling $3,932,000 have been authorized for payment to Alberta for relief purposes and to reimburse the provincial treasury on account of relief, including agricultural relief expenses previously incurred and paid from provincial funds. Consequently it is not expected that Alberta will require further assistance.

Hon. Mr. CALDER: I am sorry to trouble the House in this way, but I was not here last night. Briefly, this is the position as I see it. The present Bill is the first measure of this character ever to come before Parliament. By it the Dominion is guaranteeing loans made by a province for purely provincial purposes; in this case to assist in financing the cost of seed and seeding operations. I quite agree that we must recognize the situation as it exists. In the case of the Western Provinces, and perhaps of other provinces as well, their financial condition is such that they are unable to carry on without assistance. But this measure will establish a precedent. Up to the present time the Federal Government has made loans direct to provinces.

Hon. Mr. RHODES: Taking their treasury bills as security.

Hon. Mr. CALDER: Heretofore the Dominion has not guaranteed provincial loans; so this measure is a distinct departure. Now, I am not saying that the step being taken should not be taken. The situation may be, and likely is, such that the step is absolutely necessary. What I am pointing out is that the Bill will be a precedent, and therefore the Government ought to be very careful lest that precedent be relied upon in the future by provincial governments demanding guarantee of loans to enable them to make all kinds of expenditures. I hope such a situation will not develop, but if it does the Government in future will have to be very careful before deciding to follow this precedent.

The motion for the third reading of the Bill, as amended, was agreed to, and the Bill was read the third time, and passed.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. Robinson (for Hon. Mr. McMeans, Chairman of the Committee on Divorce), the following Bills were read the third time, and passed on division:

Bill V, an Act for the relief of Ruth Fitzrandolph McMaster.

Bill W, an Act for the relief of Agnes Mercer Daniels.

Bill X, an Act for the relief of Gerald Thompson Miltimore.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

SECOND READING

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

He said: In order that honourable senators may have a general view of this measure, I may explain that of the sixteen sections six are concerned, in whole or in part, with the correction of purely clerical errors in revisions of the Act in 1932 and 1934. These are sections 3, 8, 10, in part, 11, 12 and 13. In 1934 many of the sections were renumbered, and in some cases the cross references were left unchanged. The result, of course, is confusion and impossibility of proper interpretation of the sections affected. The amendments are to correct this state of affairs.

Another group of sections—1, 4, 5, 15 and 16—deals with the removal of anomalies produced by revision of the Act in 1932 or 1934.

Section 6 restores a provision deleted in 1934, that the forms of half-yearly statements shall be supplied to the companies by the department.

Section 9 makes applicable to Canadian fraternal benefit societies the same provisions respecting the constitution of boards of directors as are now applicable to Canadian life insurance companies.

This leaves only three sections which may be said to change the principle of the Act. Section 2 provides that the general meetings of Canadian insurance companies and fraternal benefit societies shall be held in Canada.

Section 7 provides that the participating policyholders in insurance companies who under the Act receive 90 per cent of the participating profits fund—the remaining 10 per cent being set aside for the shareholders—shall have their proportion increased to 95 per cent. I do not know how many insurance

companies have been applying the principle of the Act and allowing the participating policyholders 90 per cent, but I believe most of the large companies of Canada have for a number of years freely given 95 per cent of profits to the participating policyholders and retained only 5 per cent for the shareholders.

Section 14 extends the penalty clause of the Act to companies which have been incorporated by letters patent of the Dominion for purposes other than the transaction of insurance, but which do actually transact that business.

I do not ask the Senate now to bind itself to the principle which is involved in this or any other amendment contained in the Bill, as some of the changes may be deemed to be vital. I suggest that after the Bill has been given second reading it be referred to the Committee on Banking and Commerce, so that after it has been thoroughly examined there, the Senate may be free to accept or reject any part of the Bill.

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

PRIVATE BILL

SECOND READING

Hon. WILLIAM DUFF moved the second reading of Bill Y, an Act to incorporate Atlantic Loan and Finance Corporation.

He said: Honourable senators, I do not think it is necessary for me to explain the objects of this measure, as they are fully set forth in the Bill itself. I would suggest that after second reading the Bill be referred to the Committee on Banking and Commerce.

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

DIVORCE BILLS

FIRST READINGS

Hon. Mr. GILLIS (for the Chairman of the Committee on Divorce) presented the following Bills, which were severally read the first time:

Bill Z, an Act for the relief of Birdie Louise Coleman Wilson.

Bill A2, an Act for the relief of Solomon Hyman, otherwise known as Saul or Sam Hyman.

Bill B2, an Act for the relief of Lewis Gould.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable members of the Senate, I mentioned yesterday that I was expecting certain legislation from the House of Commons which would justify our sitting to-day. Unfortunately the other House has not yet completed its study of the two bills I had in mind, and they will be received here on Monday next only if the Commons succeed in passing them to-day. Already we have one important bill on our Order Paper for Monday. If the bills which I have been looking for reach us on Monday they can be read the first time Monday evening and be set down for second reading on Tuesday.

It has been rumoured that the House of Commons is to adjourn on Wednesday evening next for a certain number of days. I anticipate a Royal Assent on Wednesday, before we adjourn. There will be but little time left to us in which to deal with the two bills that are to come before us. I hope that the Senate, by meeting on Monday evening and exercising its usual diligence, will be able to finish the study of those bills by Wednesday evening. One of them is for the purpose of establishing a National Employment Commission. The other one, I believe, although I am not very sure, is a consequential Supply Bill to provide relief funds which will be handled by that Commission. As we shall be out of work when the Commons adjourns, we shall have to do likewise.

Hon. Mr. BALLANTYNE: May I ask when this House may expect the National Harbours Board Bill?

Hon. Mr. DANDURAND: Not before the Easter recess.

For the reasons I have mentioned, I move that when the Senate adjourns this afternoon it do stand adjourned until Monday evening next at 8 o'clock.

The motion was agreed to.

The Senate adjourned until Monday, April 6, at 8 p.m.

THE SENATE

Monday, April 6, 1936.

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

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Bill C2, an Act respecting Thousand Islands Bridge Company.—Hon. G. V. White.

DIVORCE BILL

FIRST READING

Bill D2, an Act for the relief of Hyman Stotland.—Hon. Mr. McMeans.

CANADIAN ENLISTMENTS IN PRINCESS PATRICIA'S REGIMENT

FURTHER INFORMATION

Before the Orders of the Day:

Hon. Mr. CASGRAIN: Before the Orders of the Day are called, may I be permitted to rectify, if possible, the answers given to me with respect to the number of native-born Canadians who enlisted in the Princess Patricia's regiment, which was raised by Col. Hamilton Gault and was the first recruited in Canada for the Great War.

I have here an extract taken from two beautifully bound volumes of the history of the regiment which may be found in the Parliamentary Library, and so are available to every honourable member of this House. I find that the answers given to me were not exactly correct. I have here a list of all the men from the province of Quebec, giving their names, their numbers, their original units, the place where they joined, and the date. I also have the names of those who were killed or wounded. In the list of the wounded is the name of Col. Hamilton Gault himself, a gentleman who has been for many years living in England and is a member of the British Parliament. He was wounded three or four times, being finally wounded so badly in the leg that the whole of it had to be amputated; and afterwards, when he had an artificial limb, he went back to the trenches.

I will not delay the House by turning up this record, but I think it is a direct answer to the article which recently appeared in the Toronto edition of Liberty. All I ask is that I be permitted to deposit this information on the Table of the Senate so that any honourable member may see it.

May I add, I find that 108 French Canadians—of course they were native-born—enlisted in the regiment.

Right Hon. Mr. MEIGHEN: As far as I am concerned, not only am I willing that the honourable member should have leave, but I should like to have him give a numerical summary of the findings he has taken from this record. Otherwise it will not appear in the Senate Debates.

Hon. Mr. CASGRAIN: I am dealing only with the Princess Pat's—

Right Hon. Mr. MEIGHEN: I know.

Hon. Mr. CASGRAIN: —and I think it is but fair to Hamilton Gault that the truth should be known. Not only did he give of his own time, but he spent a lot of money in recruiting the regiment. As I have said, there were in that regiment 108 boys from the province of Quebec. Many of them were wounded or killed.

Hon. Mr. BALLANTYNE: How many Canadians were there?

Hon. Mr. CASGRAIN: One hundred and eight.

Hon. Mr. BALLANTYNE: All Canadians?

Hon. Mr. CASGRAIN: I picked out those from the province of Quebec. I should be very glad to go back to the book and secure the information asked. Almost as many enlisted in the Princess Pat's as in the famous 22nd Regiment of Quebec.

1930 WHEAT CROP EQUALIZATION PAYMENTS BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 22, an Act to provide for the payment of certain sums of money to primary producers of wheat with respect to wheat of the 1930 crop delivered to provincial pool organizations.

He said: Honourable members of the Senate, this is a Bill to provide for the payment of certain sums of money to primary producers with respect to wheat of the crop of 1930 delivered to provincial pool organizations. The present Government is faced with a fait accompli—an accomplished fact. It inherited the settlement of this question when it was sworn in on the 23rd of October last.

All honourable members of this Chamber who sat here last year will remember the Bill under which the Canadian Wheat Board was organized to superintend the marketing of wheat in interprovincial and export trade. Among the powers granted to the Board were the following—clause 7, paragraph (b):

—to buy and sell wheat: Provided that no wheat shall be purchased by the Board except from the producers thereof;

and paragraph (f):

—notwithstanding anything hereinbefore contained, to acquire from Canadian Co-operative Wheat Producers Limited, upon terms to be approved by the Governor in Council, all wheat or contracts to purchase or take delivery of wheat in respect of which the Government of Canada has given a guarantee.

An understanding was arrived at between the Canadian Wheat Board and the Canadian Co-operative Producers Limited for the transfer or sale of all the wheat, or contracts for it, to the Canadian Wheat Board. That was on the 8th of October. On the 10th of October an Order in Council was passed authorizing this sale, subject to an audit or verification by auditors. That was the situation when the present Government came into power in the latter part of October.

Under the agreement between the Producers and the Board the amount to be paid was $8,262,415.37. As under the Order in Council the approval of the sale was subject to an audit or verification, a committee of the Privy Council, presided over by the present Minister of Trade and Commerce, Mr. Euler, was appointed to examine into this question, and Price, Waterhouse and Company were asked to make a special report. Their report indicated that the sum of $862,487.50, covering expenses claimed by the three provincial pools, did not fall under the agreement and should not be entertained, inasmuch as the expenses had been incurred before the question of stabilization arose. Therefore that amount stood to be deducted from the $8,262,415.37 which appeared in the contract. There was also included in the total sum an amount of $890,658.44, covering payments to be made to producers of coarse grains. It appeared on the face of the agreement and of the Order in Council that there was no authority for payment for coarse grains; but inasmuch as there had been a profit on some of those grains, it was decided that such profit should be returned to the pools, and in this connection the sum of approximately $350,000 has been included in the present Bill.

The result of the audit appears in the figures contained in the Bill. These are, no doubt, a sufficient explanation of this measure, but they do not justify it; they bring us back to the arrangement between the Canadian Wheat Board and the Canadian Co-operative Wheat Producers, and to the Order in Council approving of the sale. I am quite sure the House is desirous of knowing something of the background. I recognize that a number of honourable members are already conversant with the situation which has been responsible for the Bill, but on the other hand there are some, among whom, I must confess, I am included, who have had only the general notion which newspapers have given as to the operations of the Western farmers and their pools during the last five or six years. For this reason I shall give a statement which I think explains these operations.

The Wheat Pool was set up in Western Canada in the years 1923 and 1924. There were three different pools—one in the province of Manitoba, one in Alberta and one in Saskatchewan.

Over fifty per cent of the farmers in the three Western Provinces signed contracts in 1923 and 1924 to deliver all their wheat for five years to these pools. When the farmer delivered his wheat he was paid an initial payment, which was set by the Pool. Each of the pools then turned the wheat over to a central selling agency known as the Canadian Co-operative Wheat Producers, located at Winnipeg. This wheat was then sold to millers and exporters by the Canadian Co-operative Wheat Producers.

The financial year of the pools ran from the first of August in one year until the 31st of July in the next. The financial year of the Canadian Co-operative Wheat Producers ran from the first of September in one year until the 31st day of August in the next.

If the price was sufficiently high throughout the early months of the year to make it apparent that an interim price should be paid, an interim price was paid about the first of March each year, and then at the end of the Pool's financial year and before the end of the Canadian Co-operative Wheat Producers' financial year, that is, some time during the month of August, a final payment was decided upon. The initial payment, plus the interim payment, plus the final payment, composed the total received by the farmer during each year down to crop year 1928.

The financing of the crop was arranged in the following manner: When the initial price was set the pools arranged a line of credit with the seven chartered banks which do business in Western Canada, sufficient to pay the initial payment and the running expenses of the pools. As the season advanced and sales were made by the Canadian Co-operative Wheat Producers, moneys were returned to the three pools and the bank accounts were taken care of. Any surplus over and above the amount necessary to take care of the bank accounts and pay the running expenses of the central selling agency and the three pools was the amount available for final distribution among the farmers.

The pools experienced no financial difficulty in carrying on business in this way until 1929. Wheat at the beginning of the crop season was worth $1.73 per bushel, and an initial price of $1 a bushel was set. The wheat started to go down very rapidly. By the end of the 1929 crop year wheat was only worth 88 cents a bushel. When the banks put up the amount of money necessary to pay $1 a bushel they had an undertaking from the pools that the initial payment would be kept 15 cents a bushel below the market price. When wheat got down to about $1.26 a bushel, that is, within 11 cents of the set price, the banks became alarmed and had discussions with the pools as to how their margin was to be taken care of. The pools at that time went to the three provincial governments and asked them to guarantee the banks against loss, in order to avoid having to put sufficient

wheat upon the market to clear up their position with the banks. The provincial governments eventually undertook to give this guarantee. The initial price was, therefore, maintained at $1 a bushel until the latter part of June, when it was reduced to 85 cents, but practically all the wheat had been delivered before this reduction in price was made. There was a loss of approximately $25,000,000, which eventually had to be assumed by the provincial governments under their guarantee, and the wheat pools carried over 43,000,000 bushels of wheat out of the crop year of 1929 into the crop year of 1930. Wheat was still going down in price and on the 16th day of July, 1930, the pools set an initial price of 70 cents a bushel for any wheat delivered after that date, whether it was from the old crop or from the new crop that was then coming in.

This was the situation when the late Government was formed on the 7th day of August, 1930. Conferences were held in Ottawa between the 9th and 12th of August, the provincial governments, the lending banks, the pools and the Federal Government being represented. Later conferences were held with the lending banks at Toronto and Winnipeg.

It was finally agreed by the 26th of August that the initial price should be 60 cents a bushel for the new crop of 1930. It was understood that it would be impossible for the provinces to guarantee the accounts of the banks for the 1930 crop, in view of the crop losses which they had to assume in connection with the 1929 crop. It would appear that all understandings in connection with the crop from this time on were understandings reached with the Federal Government. The price of wheat was 95 cents a bushel when the initial price was set at 70 cents. When it went down to 88 cents the price was set at 60 cents. When it went to 72 cents, that is, on the 15th day of October, the initial price was reduced to 55 cents, and when it went down to 65 cents the initial price was reduced to 50 cents.

About this time, as a result of an understanding reached between those responsible for the line of credit and the pools, Mr. J. I. McFarland was made General Manager of the Canadian Co-operative Wheat Producers, which was the central selling agency of the wheat pools. Mr. McFarland apparently worked in close co-operation with the lending banks and the Federal Government for the remainder of the 1930-1931 crop year, but the grain was taken in under the contract pool method, and was marketed through the Canadian Co-operative Wheat Producers. Mr. McFarland, however, closed all the selling agencies which had been established in countries outside Canada, and did business through the Winnipeg Grain Exchange entirely. He carried on from the 27th day of November until the 31st day of July, 1931, in the same manner as though the pools themselves had been operating, without any control other than the change made in the agencies through which sales were made in other countries.

A meeting of the provincial governments, the Federal Government, the wheat pools and the lending banks was held on the 24th day of June, 1931. Previous to and at this meeting the Western representatives asked the Federal Government to set up a Wheat Board to handle all the wheat of Western Canada. The Federal Government proposed an alternative scheme, which was to set up a corporation, with Mr. McFarland at the head, which would lease the elevator systems of the pools and carry on the grain business as an ordinary grain corporation. Mr. McFarland refused to head the corporation, and the idea did not materialize.

Out of the discussion of June 24 there arose a plan whereby the Federal Government, through Mr. McFarland, acting as General Manager of the central selling agency of the pools, attempted to stabilize prices through entering upon the market from time to time. Their plan in this connection can be best stated in the words of the then Prime Minister, Right Hon. Mr. Bennett, in a statement put out to the public at the time, and quoted in the Seventh Annual Report of the Canadian Co-operative Wheat Producers:

> The wheat pools of the three Western Provinces, which own nearly 1,600 country elevators, as well as terminals at Vancouver and Fort William, will operate this year in the same way as privately owned enterprises. They will have ample working capital and the provinces will not be called upon to guarantee their operations.
>
> As a substantial number of producers desire to market their grain on the pool principle, the elevators operated by the pools in the several provinces will afford to such producers an opportunity to have their grain dealt with by the operation of a voluntary pool. The elevators will make to such producers an initial payment of 35 cents a bushel on the same basis as to quality and point of shipment as in previous years.
>
> The Dominion Government will take whatever action may be necessary to insure the orderly marketing of the crop of the year. Panic conditions will not be permitted to control the prices obtaining for this year's Western grain crop.

It will be seen that the Federal Government undertook to assist in financing the handling of the carry-over from the 1930 crop and in financing the crop of 1931, on condition that the contract pools were to cease to function. Mr. McFarland was to have

control of stabilization activities and the Government itself a greater control over the handling of the wheat.

In addition to the Wheat Pool there have been four coarse grain pools in the provinces of Manitoba and Saskatchewan, but none in the province of Alberta. There was a pool for rye, one for flax, one for oats and one for barley.

When the contract pools ceased to operate and the new system was brought into being on the first day of August, 1931, there was a carry-over from the 1930 pooled wheat of 76,648,000 bushels. There was a carry-over of oats of 1,286,000 bushels; a carry-over of barley of 1,752,000; a carry-over of flax of 405,000 bushels, and of rye 758,000 bushels.

The reports of the auditors and the statements of Mr. McFarland indicated that coarse grains were not used in stabilization, that is, they were not used for the purpose of affecting the price of grains produced in later years by the farmers of Western Canada; but it is agreed by all that the wheat was used for stabilization purposes. It was used in this way: the 76,648,000 bushels either of wheat or contracts to take control of wheat were set apart in separate accounts and kept off the market from July 31, 1931, down to November of 1935. Thus arises the claim that is now before us. The wheat pools have claimed that because the wheat of their contract signers was taken off the market and held off the market to improve prices to others as well as themselves for succeeding crop years, they should have some payment in addition to the initial payment, particularly where that was made on a basis of 50 or 55 cents a bushel, in 1930. It was finally agreed through letters exchanged between the Canadian Wheat Board, which was set up by the legislation of 1935, and the wheat pools, that payment should be made. The amount of the payment asked for was an equalization of the 55 and 50 cents initial payments up to the initial payment of 60 cents a bushel on the basis of 60 cents a bushel Northern, Fort William, taking into consideration the spreads as between the different grades. The Wheat Pool also maintained at that time that additional payments amounting to $890,000 should be made on coarse grains in order to bring them up to the highest initial payments that had been made on those grains.

After examining into all the records the Government has come to the conclusion that the pools are justified in asking for an equalization of 60 cents a bushel on wheat, in view of the fact that wheat was used in stabilization, but that they are not justified in asking for payment on the basis of the highest initial price on coarse grains, in view of the fact that coarse grains were not used in stabilization. It has been decided, however, that since these coarse grains were all sold during the period, and since there was a profit on rye, barley and flax over and above the initial price which was paid, the amount of that profit should be returned to the producers, but since there was a loss on oats, the fact that the Government has had to implement its guarantee in connection with the account in order to cover that loss should be a final settlement with regard to oats. It has, therefore, been necessary to set up legislation providing for the payment of $6,509,000 on wheat and $350,000 on coarse grains; also providing sufficient money to pay the costs of distribution of the funds. The agency defined in the Bill, namely, the Wheat Board, and any agencies determined upon by it, and agreed to by the Government, will make these payments to primary producers on account of grain which they delivered to the pools and which was later taken over and handled under the direction of the Government through Mr. McFarland.

The Wheat Board legislation of 1935 provided that the Commission was to have power

> 7(f) notwithstanding anything hereinbefore contained, to acquire from Canadian Co-operative Wheat Producers Limited, upon terms to be approved by the Governor in Council, all wheat or contracts to purchase or take delivery of wheat in respect of which the Governmnet of Canada has given a guarantee.

Under this section the Canadian Wheat Board, which was set up under the Act, could take over from Canadian Co-operative Wheat Producers Limited all wheat and contracts to deliver wheat which had formed a part of the stabilization activities of Mr. McFarland previous to the set-up of the Wheat Board. Any agreement reached between the Wheat Board and the Canadian Co-operative Wheat Producers Limited, with regard to a settlement for wheat and contracts to purchase or take delivery of wheat, had to be approved by Order in Council.

An Order in Council was passed on October 10, 1935, approving a certain agreement which had been entered into by letter between the Wheat Board and the Canadian Co-operative Wheat Producers Limited, subject to the amount contained in the letters of agreement being verified by auditors' certificate. The amount contained in the letters of agreement was $8,262,415.37.

After the change of government instructions were given to the auditors, on November 5, 1935, to make an audit for the purpose of verifying and authorizing the amount contained in the Order in Council dated October

10, 1935. The auditors', report revealed that the amount of $8,262,415.37 was made up as follows:

Wheat..	$6,509,269 36
Coarse grains..	890,658 44
Expenses of provincial pool organizations for 1930-31..	862,487 57
	$8,262,415 37

Before the auditors' report was available it was thought necessary for the proper operation of the Wheat Board that the wheat and wheat contracts should be delivered to the Board. This was done on December 2, 1935, as a result of a meeting held in Regina on that date, and through a document which is on the files in the following form:

The Canadian Wheat Board
Assignment

Canadian Co-operative Wheat Producers Limited—Contracts for delivery of wheat

In consideration of the mutual convenants and agreements contained in a certain agreement confirmed by Order in Council No. 3199, dated October 10, 1935, whereby the Canadian Wheat Board agreed to purchase and the Canadian Co-operative Wheat Producers Limited agreed to sell its wheat stocks and contracts for the delivery of wheat:

We, the Canadian Co-operative Wheat Producers Limited, hereby assign absolutely to the Canadian Wheat Board all our right, title and interest in and to all wheat contracts to purchase or sell for future delivery carried upon our account with the Winnipeg Grain and Produce Exchange Clearing Association together with all sums of money held by that Association to our credit in the form of margins in connection therewith.

Dated at Winnipeg this 2nd day of December, 1935.

Canadian Co-operative Wheat Producers Limited,
per F. W. Ransom,
Secretary.

An examination of the legislation will show that wheat was the only grain which could be handled under this Order in Council, but the auditors' report indicated that the money which was to change hands, namely, $8,262,415.37, had to do with coarse grains as well as with wheat. In view of the fact that these transactions took place on the 2nd December, 1935, under an Order in Council based on the legislation of 1935, which Order could not deal with coarse grains, and in view of the further fact that the auditors' report showed the total amount of $8,262,415.37 contained $862,487.57 for expenses of provincial pool organizations for 1930-31, which the Government thought that it did not owe, it was considered advisable to have legislation making possible payments not covered by the provisions of the Order in Council, as well as payments which might be covered by those provisions.

In other words, the present Government, confronted with the contract between the Wheat Board and the Co-operative Wheat Producers, endorsed by Order in Council, decided simply to follow the procedure as practically completed except for the audit, obtained that audit—which the late Government itself would have obtained—and came to the conclusion embodied in the Bill.

Now, if I have not sufficiently explained and justified the measure, I would ask my honourable friends opposite, who are jointly responsible for the child now before us, to supplement my statement.

Right Hon. ARTHUR MEIGHEN: Honourable members, I do not rise to object to the principle, nor, at this time, to criticize details of the Bill, for I assume that after being given second reading it will be referred to the Committee on Banking and Commerce. There we shall have the advantage of reading again the memorandum which the honourable leader of the House has favoured us with, and which, I presume, is compiled on the authority of the Department of Trade and Commerce, or of Agriculture.

Hon. Mr. DANDURAND: Perhaps the Department of Agriculture, but I would not be sure.

Right Hon. Mr. MEIGHEN: I believe the Minister of Agriculture introduced the Bill in the House of Commons.

The honourable leader states that the Government of the day is confronted with a fait accompli. If so, there is nothing more to be done. It is just because the Government must argue that it is not a fait accompli that we have this Bill before us.

Hon. Mr. DANDURAND: The fait accompli is in the contract between the parties selling and buying and in the Order in Council.

Right Hon. Mr. MEIGHEN: Not at all. Though, in the opinion of the Government, there is a fait accompli in the contract between the parties, the Canadian Co-operative Wheat Producers Limited and the Canadian Wheat Board, it does not mean a fait accompli to us, because under the Wheat Board Act such contract must be approved by the Governor in Council.

As a matter of fact, I think my honourable friend was happier in his estimate of the situation as a fait accompli than he was in his defence of the measure. The Wheat Board Act provided for the organization of a Canadian Wheat Board, and empowered it, among other things, to buy wheat from primary producers and to take over from the old Canadian Co-operative Wheat Producers Lim-

ited all wheat on hand, and contracts for purchase or delivery of wheat, upon terms to be approved by the Governor in Council. If therefore this is a fait accompli, and those terms have already been approved, why this measure?

Hon. Mr. DANDURAND: One of the main reasons why we present it to Parliament is that under the Order in Council there could be no payment made for coarse grains.

Right Hon. Mr. MEIGHEN: If the honourable gentleman is right, then to that extent it is not a fait accompli; but I do not think he is right. If his account of the history of the matter in respect of coarse grains is a true account—I know he believes it is—there is, I think, no doubt at all that the Wheat Board Act does cover the situation. As I apprehend the position with respect to coarse grains, it is this. This Bill simply enables the Wheat Board to pay out to Canadian Co-operative Wheat Producers Limited, for distribution among primary producers, such profits in respect of coarse grains as went into the Wheat Pool; some $350,000. There is no doubt at all in my mind, and I do not think anyone has ever disputed it, that under the Wheat Board Act there is ample power to pay out those profits, though not to go further and pay the difference between the $890,000 and the $350,000, that difference being in respect of a certain equalization which the Wheat Board Act does not cover. The honourable gentleman says the legislation does not provide for making any payment for coarse grains, the auditors, Price, Waterhouse & Company, having reported the Wheat Board Act contemplated no such thing.

If the honourable leader will again read the latter part of the memorandum which he presented to the House, I think he will find another reason is there given for the measure: the only thing asked to be done, not fully covered by the empowering provisions of the Canadian Wheat Board Act, is in respect of expenses amounting to some $860,000 claimed by the old wheat producing company to have been incurred by its stabilization operations. I am not prepared to state that the payment of those expenses is within the compass of the Canadian Wheat Board Act of last session. It may be so; it may not be. But here again my mind runs into another difficulty. As I read this Bill, it does not provide for payment of those expenses out of the treasury in addition to the equalization payment in respect of wheat. That equalization payment is some $6,600,000, as seen in clause 3. Turning now to clause 6, I find the following:

The Minister may with the approval of the Governor in Council out of the said sums of not exceeding $6,600,000 provided for in section 3 hereof pay reasonable expenses incurred by the Minister or by the Canadian Wheat Board in carrying out the provisions of this Act.

I do not know whether that is the expense.

Hon. Mr. DANDURAND: No.

Right Hon. Mr. MEIGHEN: Then, where in this Bill are the $800,000 of expenses covered?

Hon. Mr. DANDURAND: They are not covered. They are eliminated.

Right Hon. Mr. MEIGHEN: Then, if the expenses are eliminated, what is there in this Bill that is not already covered by the Wheat Board Act? There is nothing. I thought the memorandum said it was because of the expenses that the Bill was necessary.

Hon. Mr. DANDURAND: No. The expenses have been absolutely eliminated.

Right Hon. Mr. MEIGHEN: This being the case, I see no reason for any such measure. If in this Bill we are only setting out the terms under which the wheat and the contracts of the old wheat producing company in respect of wheat are to be taken over, and payment is to be made out of the profit on coarse grains in the Wheat Pool account, we do not need any measure at all. However, all this can come before the Banking and Commerce Committee, where I intend to see that I get the facts. At the present time I am not absolutely sure. If the Minister's presentation is correct, he has made a distinct case against any measure at all coming before either House.

I yield to the honourable gentleman.

Hon. Mr. DANDURAND: Will my right honourable friend allow me? If he will read the Bill over he will find that in the contract between the parties, and in the Order in Council, the question of wheat alone was dealt with. The coarse grains did not and could not enter. In order to pay the $350,000 the Government would have had to secure authority from Parliament, or pass another Order in Council, and I do not know exactly on what legal ground the latter course could have been taken.

The Government followed the procedure that had been started, which brought matters up to the point where an audit would take place. It is upon this basis that it built up the whole fabric now represented by this Bill. When the Bill is passed it will supersede the Order in Council. If this Bill were rejected the vendors would have rights accru-

ing to them under the contract, as endorsed and agreed to by the Order in Council. The Order in Council, which recognizes the rights of the parties, is still alive, and it will remain alive till the Bill is passed. My right honourable friend may say: "But do the vendors agree to this?" I am under the impression that they are agreeable to this form of settlement of their claim under the signed contract. But if we reject this legislation, as we have a right to do, the vendors will fall back upon the Order in Council, which then will be very much alive.

I draw the attention of my right honourable friend to the fact that only wheat could be covered by the Order in Council. But the report of the auditors discloses the fact that coarse grains are included, as well as expenses. I have not the report before me, but it is from that report that the decision of the Government springs. They say the item of $900,000 odd of expenses included in the $8,000,000 was incurred before the stabilization by the pools, and that therefore it is a matter that rests with the pools. So this $900,000 disappears, according to the report of the auditors. I do not know that the Order in Council would have been affected very much, for it said, "subject to the report of the auditors," and coarse grains do not fall under either the contract or the Order in Council.

Something had to be done if we wanted to give compensation, because the settlement between the old Board and the Producers was to be complete. Now we are at the point where we must close the book and make that settlement. We make it by coming to Parliament, explaining the situation, and asking that, in order to execute the contract of sale between the two parties, as understood by the Government, a certain sum should be paid.

There is a clause which provides for the assent of the parties. I have reason to believe that they have agreed upon the figures, and I doubt very much whether my right honourable friend, after examining the Bill and considering the situation as it is, and the figures that confronted the Government, will deny that in the face of an Order in Council which was insufficient as to coarse grains we were right in coming to Parliament, which has the supreme power in deciding as to the payment of such large sums.

Right Hon. Mr. MEIGHEN: The only difference between us is this. It is just a question of whether or not, under the Wheat Board Act, the Wheat Board has power to allot profits on coarse grains, aggregating $350,000. It takes over that part of the moneys, to be paid to the owners of it—those producers who delivered the coarse grains. Now, assuming that the honourable member is right, and that under the Wheat Board Act moneys standing to the credit of the coarse grain producers cannot be paid, all that was necessary was a Bill to enable payment. I think that if my honourable friend will look at the Price-Waterhouse report he will not find that the $350,000 was not payable under the Wheat Board Act as it is. I think he will find that what Price-Waterhouse reported was that the additional amount, making the aggregate $890,000, could not be paid under the Act. Price, Waterhouse and Company found that all that could be paid was, first, $6,600,000 in respect of equalization on wheat, and second —as I maintain, subject to correction—$350,000 in respect of moneys held to the credit of producers of coarse grains. That is all that could be paid under the old Act; that is all that can be paid under this. Under the old Act and the Order in Council the Government could pay exactly what it is paying here—$6,600,000 in respect of wheat and $350,000 in respect of profits on coarse grains—not a cent more, and not a cent less.

But assuming the honourable gentleman is right in respect of profits, all we should have here is a Bill to enable them to be paid, not a repetition of the Act of 1935. If he were altering the amount which the old Government agreed to pay, which is the amount claimed, if audited and found correct, he ought to come here. But he is not altering the amount at all; it is exactly the same.

Hon. Mr. DANDURAND: I do not see that we are not altering the figure.

Right Hon. Mr. MEIGHEN: It is not being altered at all, for the Order in Council permitted of the payment of only such amounts as were certified by the auditors to be payable; and the amount certified by the auditors to be payable in respect of wheat was $6,600,000 and no more. Now, I say the auditors certified that $350,000 was payable—

Hon. Mr. DANDURAND: No.

Right Hon. Mr. MEIGHEN: Perhaps I am wrong. If I am wrong, then the honourable gentleman should be here asking for power to pay that sum, and that alone. He has no excuse for being here with all this statutory surplusage. I emphasize this all the more because we have a world record in the preamble of this Bill; it is the Marathon preamble of all times—one, two, three pages, and part of a fourth, whereas usually all that is necessary is about four lines.

The honourable gentleman has given a pretty concise and fairly clear account of a complicated matter. It definitely establishes that the legislation, if it is necessary at all—

and it can be necessary for only one thing—has its beginnings in the Wheat Board legislation of last year and the profits in respect of coarse grains. Why, then, all this historical recital running back over the ages? The honourable gentleman's idea, I presume, is to show that the Conservative party and Conservative governments have not been very businesslike in the matter of wheat. Well, I know something about that.

Hon. Mr. DANDURAND: That was not in my mind.

Right Hon. Mr. MEIGHEN: My honourable friend was pretty strong in emphasizing that this was a baby found on the doorstep of the Administration. A pretty old baby!

Hon. Mr. DANDURAND: It is our joint child now.

Right Hon. Mr. MEIGHEN: It was joint long ago. I had to do with the Wheat Board legislation of 1919; in fact, I prepared every line of it, I think. That was the first time anything in the way of a central purchasing and selling agency was established in Canada. We set up a Wheat Board then with a monopoly in respect of purchase and sale, because it was essential under the extraordinary and emergent conditions which followed the War, when hedges were impossible. The Board met with considerable objection. I am not sure of the bona fides of much of the objection, but I know I had to go out and defend myself stoutly before very critical and irritable assemblies. But after a year and a half it became exceedingly popular in that part of the country, simply because of the success it had made. Frankly speaking, its success was due not to any superhuman skill in operation, although that operation was efficient; it was due to the fact that wheat increased in value and that very satisfactory, indeed high, prices were obtained. Conditions became normal, hedges were again possible, there was no need of continuing further as we had done, and, especially as the War Measures Act had been held to have expired, the legislation could not be renewed.

In 1921 I suggested for the handling of wheat in Western Canada a non-monopoly wheat board, to be established by Dominion legislation and operated under Dominion Government control, so that producers could sell through whichever medium they desired. In principle and almost in detail it was the same as the Wheat Board established by the Act of last year, the existing legislation. Of that Act honourable gentlemen of the present Administration claimed in Western Canada, within recent months, to be the parent, and great newspapers congratulated themselves on having fostered it and encouraged its spread throughout the West. I do not know of any substantial difference between the Board set up last year and that which I suggested.

Now, what occurred in the meantime? After the defeat of the Administration of 1921 another Wheat Board was provided for by a measure introduced into the House of Commons and passed by both Chambers. I did not think it was very well prepared. In fact, I thought it would not work at all, and so stated, as the records of another place will show. However, it became the law of Canada. But it never was put into operation; it never came into practical effect at all. A year or so afterwards these provincial pools, of which my honourable friend speaks, were constituted in place of any Dominion organization, under the authority of the legislatures of the respective provinces. The "child" at that stage was taken over by the legislatures and operated in the three provinces, indeed under three different names, until finally, in 1930-31, it ran into heavy difficulties. The provinces were already involved, their credit was not good enough for the banks, and the "child," wrapped up in the consequences of all the proceedings which took place between 1923 and 1930, was thrown in a heap on the doorstep of the Government in 1930-31. That Government had no alternative to adoption, for the provinces simply could not take care of their offspring.

Hon. Mr. DANDURAND: The pools lost $25,000,000.

Right Hon. Mr. MEIGHEN: Yes. They went into debt until provincial credit simply could not cope with the situation. Then began the management of the great wheat trade of this country—management which was carried through a period of distress, emergency, trial and world-wide industrial convulsion.

The wheat business is by far the biggest single industry in which the Dominion engages. I cannot conceive of anything much more difficult than handling the Canadian wheat situation from 1930 to the present day. When one thinks back to 1932 and remembers that the price quoted on the Winnipeg Grain Exchange—yea, in Chicago too—was about 39 cents a bushel, a price low enough to sound the death knell of agriculture in Western Canada, one has some idea of how exceedingly difficult the problem was. It was complicated by the intense nationalism then so prevalent throughout the world, which induced European countries who had been our customers to become our competitors and to shut out our wheat, and which was accompanied by a tremendous artificial production under governmental stimulus here, there and everywhere.

That situation, if left to itself, would have produced in this country a level of prices which would have meant, not merely disaster, but the end of Canada as a wheat exporting nation. It would have brought about emigration from Western Canada, and utter desolation in that part of our country.

These were the circumstances through which this great business had to be guided. I was not a member of the Administration, and personally I had nothing at all to do with the handling of the problem. I always felt fairly comfortable, because I realized that the Prime Minister of the day knew a great deal about the grain business and about the West; furthermore, I was aware that he possessed business capacity of a high order. I stand here to say that in my opinion, under his direction and with the co-operation of Mr. McFarland, the whole difficulty was ably managed throughout, regard being had to all the circumstances, which tied it up with almost every problem facing the world, and to the perils which had to be avoided day by day, week by week and month by month. It is easy now to stand up and say: "You should have sold wheat. You lost markets by not selling. You got people into the habit of eating bread made from other wheat." But the facts do not justify that criticism. As far as I can see, the selling of our wheat to the usual extent—leaving only our ordinary carry-over—at the distress prices of those times, would have meant simply the difference between storing it in Europe and storing it in Canada; and if we cannot make profits in any other way, I would rather make them on storing wheat than on nothing.

Now, we are losing some money. I fancy it is the best-spent money we have ever lost in this Dominion. There is at least a chance in the future for those three Western provinces. The population has remained there; the people have stayed on the land. Hope is now justified, and hope already exists. That is due in no small measure to the way in which this baffling and perplexing wheat problem has been handled.

We did not produce the "baby." It came to us. I am not contending that it came from the party represented by honourable gentlemen opposite, for it had another source. It has been well nurtured and well disciplined, and as a consequence it has now met the best fate that could have been hoped for it.

Hon. Mr. DANDURAND: I should like to make a few remarks following those of my right honourable friend. I would not dare to enter, even if I could, upon the field that he has travelled in dealing with the efforts of the last five years to protect the farmers of the West. Not a word that I have uttered could be considered as a condemnation of those efforts. Personally I was simply looking on from afar, and I am unable to express any opinion as to the benefits or defects of the policy that was followed. I am quite sure that the Government which preceded the present one did its very best with respect to the situation in the West, in trying to save as much as possible of the wheat product, which is of such immense importance to Canada.

My right honourable friend has alluded to the preamble of this Bill. I draw his attention to the fact that we have been taking care of the private interests of thousands of people in the West. By our endorsation and guidance we have become more or less partners in disposing of the crops during the last four years. The Government made a paternal effort to solve the problems of large numbers of individuals in that great constituency comprising the three provinces. My right honourable friend would, I think, find it difficult to point to any governmental undertaking similar to the handling of this wheat during the last three or four years. I believe there is nothing comparable to what has been done. In fact, in this I am only repeating expressions of my right honourable friend. The Dominion branched out along an entirely new line of operations, and now we are liquidating an important part of those operations.

When the present Administration came into power it found that by virtue of the Act passed last year authority had been given to the Government to sanction by Order in Council such procedure as that contained in the contract of sale between the Board and the Wheat Producers. But there are two opinions as to the responsibility of the Government towards Parliament. This Bill has to do with a large matter, of considerable importance; it represents something like $7,000,000. The Government now in office has deemed it proper to ask Parliament to ratify the liquidation to this extent of the preceding Administration's operations in wheat.

Right Hon. Mr. MEIGHEN: Parliament has passed on that.

Hon. Mr. DANDURAND: Parliament passed on it last year.

Right Hon. Mr. MEIGHEN: Will the honourable gentleman bring the matter before Parliament again next year?

Hon. Mr. DANDURAND: Out of the operations of the Board may arise a matter so important that the Government may deem it proper to come back to Parliament. Surely

in such circumstances my right honourable friend would not consider it improper for the Government to ask the opinion of Parliament again.

Right Hon. Mr. MEIGHEN: It was asked once.

Hon. Mr. DANDURAND: We were faced with an Order in Council which could not cover coarse grains. Perhaps we could have passed another Order in Council to cover payment of the amount in question, but I doubt it.

In the preamble, to which my right honourable friend refers, there is this statement:

Whereas no justification exists for the inclusion of the said sum of $890,658.44, inasmuch as The Canadian Wheat Board is not authorized to purchase coarse grains or contracts to purchase or take delivery of coarse grains, as no mention was made of coarse grains in the agreement between The Canadian Wheat Board and the Canadian Co-operative Wheat Producers, Limited, summarized above or in Order in Council P.C. 3199, dated the tenth day of October, 1935, approving such agreement under certain conditions, and as an audit of the operations of Canadian Co-operative Wheat Producers, Limited, discloses no information that said operations in connection with coarse grains were effected for stabilization purposes in the national interest; but

Whereas an audit discloses that the operations in respect of coarse grains which were conducted as separate pools resulted in credit balances in the case of certain coarse grains and consequently the primary producers who delivered said grains are justified in expecting to receive said credit balances.

These are the reasons why that part of the contract entered into by the vendors could not be implemented. Now we come to Parliament asking authorization for the payment of a certain sum and sanction of the whole operation. We believe we are on the safer ground when submitting such a matter to Parliament.

Hon. J. P. MOLLOY: Honourable senators, I had not intended to say anything on this matter, but there are a few remarks I should like to make now that the discussion has gone so far. We frequently hear references to "the forgotten man." But that term cannot refer to the "baby" that has been spoken of here, for there can be no question that it has been pretty well looked after, no matter to whom it belongs. My honourable friend the leader on this side says to the right honourable leader on the other side, "It is your baby." The right honourable gentleman retorts, "No; it is yours." Well, between them be it.

The honourable leader of the House has stated that a pool was formed in Manitoba in 1923-24, and that fifty per cent of the farmers of that province became members. I always refused to join the pool. In 1929, as we all know, the prices of wheat dropped. The man who was outside the pool and who sold his wheat or did not sell it, as the case may be, stood either to win or to lose. Another statement which has been made and cannot be contradicted is that the pools by their operations have soaked the people of Western Canada to the extent of $25,000,000. That is not disputed, in fact. And now they are coming to the Dominion treasury and, as the honourable leader tells us, asking for another $7,000,000. The question I should like answered is this. What about the fifty per cent of wheat raisers who do not get a cent under this Bill? They are the "forgotten men" here. If the measure were fair, those fifty per cent who were not in the pool would receive as much as, or perhaps more than, the members, according to the relative quantities raised or sold. In other words, every farmer in Western Canada who raised wheat would benefit from the Bill.

But it is the old, old story. You can get something if you join an organization which in time becomes strong enough to exert power as part of a political machine, as the pools in Western Canada did after they laid the corner-stone of their ruination by trying to dictate the world price of wheat. When they lost money and failed they went back to the provincial governments for $25,000,000; and now, as I have already said, they are asking the Dominion for an additional $7,000,000. If it were left to me they would not get a cent unless everybody in the wheat business in Western Canada received the same treatment. I submit that that is fairness and justice. Because men organize they can dictate to the Tory party one day and the Grit party the next day. They seem to think they are at liberty to apply, if they deem it necessary, to the provincial government as their first choice, and later to the Dominion Government. I am sick of the whole thing!

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: I intended to move that the House go into Committee of the Whole on the Bill.

Right Hon. Mr. MEIGHEN: I think the Bill should go to the Committee on Banking and Commerce. It will not take long there.

Hon. Mr. DANDURAND: My purpose in desiring to move the Bill into Committee of the Whole was to proceed rapidly with it.

Right Hon. Mr. MEIGHEN: The Chairman of the Committee on Banking and Commerce has just advised me he is calling a meeting for to-morrow. I assumed the Bill would go to that committee.

Hon. Mr. DANDURAND: Very well. I move that the Bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

Hon. Mr. BLACK: For the benefit of honourable members present who are members of the Committee on Banking and Commerce I may say, in case they do not get notice, that the committee will be called for 11 o'clock to-morrow morning.

ADJOURNMENT

Hon. Mr. DANDURAND: I was expecting some legislation from the other House. As none has come, I move that the Senate do now adjourn.

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

THE SENATE

Tuesday, April 7, 1936.

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

Prayers and routine proceedings.

1930 WHEAT CROP EQUALIZATION PAYMENTS BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK, Chairman of the Committee on Banking and Commerce, presented, and moved concurrence in, the report of the committee on Bill 22, an Act to provide for the payment of certain sums of money to primary producers of wheat with respect to wheat of the 1930 crop delivered to provincial pool organizations.

He said: Honourable senators, for the benefit of those who were not in attendance at the meeting of the Banking and Commerce Committee I may say that if they will look at the original Bill they will find, beginning with page 1, that all but the last paragraph on that page is deleted. The last paragraph has been incorporated in the amendment. On page 2, the first, second and third paragraphs are deleted, and the fourth paragraph is incorporated in the amendment. On page 3, the first, second, third, fourth and fifth paragraphs are deleted, and the last paragraph, slightly amended, is incorporated.

The report reads as follows:

1. Pages 1, 2, 3 and page 4, lines 1 to 17, inclusive, for the preamble substitute the following:

Whereas the result of certain price stabilization and other operations of Canadian Co-operative Wheat Producers, Limited, carried on with the knowledge and consent of the Government of Canada by means of advances by certain lending banks guaranteed by the Government of Canada in pursuance of Relief Acts in effect from time to time, has been a loss; and

Whereas a transfer of wheat and contracts to purchase or take delivery of wheat in respect of which the Government of Canada had given a guarantee was made by Canadian Co-operative Wheat Producers, Limited, to The Canadian Wheat Board as of December 2, 1935, subject to final settlement of the terms of such transfer; and

Whereas Canadian Co-operative Wheat Producers, Limited, had, by February 29, 1932, made transactions related to the 1930 wheat crop approximately equal to the deliveries of wheat by primary producers during the 1930-31 crop year, and an analysis of the prices at which such transactions took place indicates that the transactions were made at approximately sixty cents a bushel, basis No. 1 Northern, Fort William, in the case of wheat other than Durum wheat, and approximately sixty-six cents per bushel, basis No. 1, Amber Durum, Fort William, in the case of Durum wheat, but that the spreads between the prices for various grades of wheat varied from the arbitrary spreads fixed at the time the initial payments were determined; and

Whereas, notwithstanding such loss, the primary producers of wheat other than Durum wheat who accepted initial payments on a basis of sixty or fifty-five or fifty cents a bushel, basis No. 1 Northern, Fort William, are justified in expecting those payments to be equalized on the basis of sixty cents a bushel, basis No. 1 Northern, Fort William, and primary producers of Durum wheat who accepted initial payments on a basis of sixty-four or fifty-four or forty-nine cents a bushel, basis No. 1 Amber Durum, Fort William, are justified in expecting those payments to be equalized on the basis of approximately sixty-six cents a bushel, basis No. 1 Amber Durum, Fort William, with the spreads between the various grades of wheat determined on the basis of the prices at which the transactions referred to in the preceding paragraph were effected.

Hon. Mr. DANDURAND: Honourable members of the Senate, it will be noted that two matters are deleted from the preamble as it appears in the Bill. The first concerns the elimination, from the contract price of $8,000,000 odd, of the figure of $800,000 or $900,000 for expenses, and the second the reduction of the amount to be paid for coarse grains from $890,000 to some $350,000. Those two items, being omitted from the preamble, do not appear in the Bill; but the Bill itself indicates that the producers of coarse grains will be entitled to a sum commensurate with

the profits that were made on the sale of coarse grains. The Government would have preferred to have in the preamble an explanation of the disappearance of one item and the reduction of the other, but the committee has decided otherwise, and I abide by its decision.

The motion was agreed to.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill, as amended.

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

TRADE AGREEMENT NEGOTIATIONS WITH HAITI

INQUIRY

Hon. WILLIAM DUFF: Honourable senators, last year, on representations being made to the Federal Government by myself and others regarding an intimation that the Government of Haiti would impose the maximum tariff on fish, flour and other goods entering that country from Canada by direct sailings, negotiations were entered into by the Government of Canada with Haiti, whereby a modus vivendi was agreed upon and made effective from the 15th of July, 1935, to the 16th of April, 1936. As this arrangement expires in a few days, and as the producers and exporters of fish, flour, and other goods shipped by steamer from Nova Scotia direct to Haiti are seriously affected, I should like to ask a question of the honourable leader of the Government in the Senate. Are any negotiations now in progress with regard to arranging an extension of the modus vivendi until such time as the Trade Commission from Haiti interviews and negotiates with the Canadian authorities? In view of the dire distress of Maritime fishermen, I would urge that a temporary agreement be made and that the present regular service be maintained, pending a favourable trade agreement between the two governments.

Hon. Mr. DANDURAND: Honourable members of the Senate, the Minister of Trade and Commerce has received from Messrs. Pickford and Black, Limited, of Halifax, Nova Scotia, a telegram containing an inquiry similar to that just made by the honourable gentleman. The Minister has wired the following answer, which I shall read as an answer to my honourable friend:

Replying your telegram April sixth draft articles for trade agreement to replace existing modus vivendi have been forwarded to British Minister at Port au Prince who has been requested to take up question with Haitian Government. Modus vivendi expires April fifteenth but British Minister endeavouring to arrange for extension if trade agreement cannot be negotiated before that date. Situation referred to in your telegram is appreciated and every effort will be made to adjust trade relations with Haiti in satisfactory manner before expiration of the modus vivendi.

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. Robinson, of the Committee on Divorce, the following Bills were severally read the second time:

Bill Z, an Act for the relief of Birdie Louise Coleman Wilson.

Bill A2, an Act for the relief of Solomon Hyman, otherwise known as Saul or Sam Hyman.

Bill B2, an Act for the relief of Lewis Gould.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable members, I was in hopes that the House of Commons would have sent to us this afternoon, if not last evening, an important measure, the National Employment Commission Bill. The Bill is, however, still in the committee stage in another place. The Minister of Labour believes it may be reported and given third reading before six o'clock to-day. Under these conditions I would ask that we call it six o'clock now and resume at eight.

Right Hon. Mr. MEIGHEN: Perhaps the Bill may be over here by five o'clock. Could we not adjourn during pleasure until that hour?

Hon. Mr. DANDURAND: All right. I move that we adjourn during pleasure. The bell will ring between five o'clock and six.

The Senate adjourned during pleasure.

After some time the sitting of the Senate was resumed.

Hon. Mr. DANDURAND: Honourable senators, the Bill which I was expecting from the other House has not yet been reported out of Committee of the Whole. I would suggest that we adjourn during pleasure, to meet not earlier than half past eight this evening.

At six o'clock the Senate took recess.

The Senate resumed at 8.30 p.m.

Hon. Mr. DANDURAND: Honourable members of the Senate, it is quite apparent that we shall have no legislation from the House of Commons this evening. In order to show that House that we stand at its disposal—as we have been doing all day—I suggest that to-morrow we meet at half-past two in the afternoon, instead of the usual hour of 3 o'clock. I think the House of Commons has already passed a resolution to adjourn for the Easter holiday at 6 o'clock to-morrow evening. This being so, the Royal Assent to take place to-morrow will have to commence not later than half-past five.

I move, therefore, that when the Senate adjourns to-day it do stand adjourned until to-morrow at 2.30 p.m.

The motion was agreed to.

The Senate adjourned until to-morrow at 2.30 p.m.

THE SENATE

Wednesday, April 8, 1936.

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

Prayers and routine proceedings.

PRIVATE BILL

THIRD READING

Bill T, an Act respecting the Pension Fund Society of the Bank of Montreal.—Hon. Mr. Black.

COMMITTEE ON BANKING AND COMMERCE

SITTINGS DURING ADJOURNMENTS

Hon. F. B. BLACK, Chairman of the Committee on Banking and Commerce, presented the following report and moved concurrence therein:

The Committee recommends that it or any sub-committee thereof be authorized to sit during adjournments of the Senate.

Hon. Mr. DANDURAND: Do I understand from the reading of this report that it refers to the Banking and Commerce Committee as well as to the sub-committee?

Hon. Mr. BLACK: This recommendation covers both, just in case an emergency should arise. There is a sub-committee of the Banking and Commerce Committee, and it is prepared to sit during the recess.

Hon. Mr. DANDURAND: But I suppose it is not the intention of the Chairman to call a meeting of the Banking and Commerce Committee during the recess.

Hon. Mr. BLACK: No, unless it is called at the request of the leader of the Senate.

Hon. Mr. CASGRAIN: What about the Divorce Committee?

Hon. Mr. BLACK: One thing for which I am thankful is that I have nothing to do with the Divorce Committee.

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. Robinson, of the Committee on Divorce, the following Bills were severally read the third time, and passed:

Bill Z, an Act for the relief of Birdie Louise Coleman Wilson.

Bill A2, an Act for the relief of Solomon Hyman, otherwise known as Saul or Sam Hyman.

Bill B2, an Act for the relief of Lewis Gould.

SECOND AND THIRD READINGS

Bill D2, an Act for the relief of Hyman Stotland.—Hon. Mr. McMeans.

PRIVATE BILL

SECOND READING

Bill C2, an Act respecting Thousand Islands Bridge Company.—Hon. G. V. White.

BUSINESS OF THE SENATE

DISCUSSION

Hon. RAOUL DANDURAND: Honourable members of the Senate, it is expected that there will be sent over to us within a short time an important measure, known as the National Employment Commission Bill, which is standing on the Order Paper of the House of Commons for third reading this afternoon. I hope that honourable members of that House made in committee all the remarks they desire to make on the Bill, and that there will be no delay in passing the motion for third reading. I therefore move that the Senate adjourn during pleasure, in the hope that we shall be called back at a quarter past three, or half past three at the latest.

Right Hon. ARTHUR MEIGHEN: Honourable senators, yesterday it was expected that this Bill would come over from the other House at almost any time in the afternoon, and then we hoped it would be received here in the evening and we might sit this

morning. I intimated to my honourable friend the leader of the Senate that there would be no attempt to delay passage of the measure, and that this House could get it through in time for Royal Assent to-day. The situation seems somewhat different now, though, with the prospect of such an important measure coming before us between three and four o'clock, or maybe later. We are asked to finish our consideration of it by five o'clock. The Bill deals with a subject which is of just as much concern to the Senate as it is to the House of Commons, and I personally feel an intimation should be given that we cannot be expected to deal with the Bill as we want to, in the few minutes that House in its pleasure chooses to give us.

Hon. Mr. DANDURAND: I realize that the time for consideration of this measure will be all too short if we are to pass it in time for the Royal Assent, before six o'clock this afternoon. Of course, there is no rule to prevent the Senate from dealing with the Bill thoroughly. We are not bound to adjourn this evening. I understand that the House of Commons adjourns at six o'clock on Wednesdays, under a standing order, and I am not sure whether that House could, if it so desired, continue its sitting until late this evening while waiting for us to finish our work, should we deem it proper to resume after eight o'clock. If we so wish, we can postpone passage of the Bill until to-morrow; but in that event, if the House of Commons is bound to adjourn at six to-day, it will be impossible to have the measure sanctioned before the Easter recess. We are free to dispose of the Bill this afternoon or to-morrow, or to postpone consideration of it until after Easter.

I think my right honourable friend will agree with me that the Senate would not deem it opportune to reject a Bill based on the recent approval of the electorate, and that therefore our concern should be to study the details of the measure in order to see if we could not improve it. From the close attention I have given to the proceedings in the Commons, I may say that each clause of the Bill was carefully considered and many amendments were adopted during committee stage. Now, can the Senate for once accept the Commons drafting and pass the Bill in the form in which it will reach us, subject to our revision if need or occasion arises next session? It will be for the Senate to decide. I thought we might give that measure of confidence to the House of Commons by passing the Bill as it stands to-day, if its principle is not to be challenged. I have reason to believe that it will not be challenged by my right honourable friend. I purpose to give as full an explanation as possible of the Bill, then my right honourable friend might give his views as to its general application and value, and we might pass it. Of course, this would imply that we dispense with committee stage.

There is this advantage in accepting that procedure. Unemployment is a most crucial question, and I should dislike to see the Senate take the responsibility—although it would be quite justified in doing so—of postponing consideration of this Bill for three weeks; for it is my intention to propose that the Senate adjourn until the 28th instant. The House of Commons is adjourning until the 20th, and I am fully decided to take the responsibility of moving that we adjourn for seven or eight days longer. Since the beginning of the session we have had experience of how long it takes the House of Commons to dispose of an important measure with which we can deal exhaustively in from twenty-four to forty-eight hours.

I leave with honourable members this problem as to what it would be best for the Senate to do. We can absolutely refuse to accept the Bill as it reaches us from the other House—I am speaking of the form and not of the principle—without testing every clause in Committee of the Whole or in one of our standing committees. In that event, if the House of Commons has bound itself to adjourn at 6 o'clock this evening, we should impliedly be responsible for delaying for three weeks the adoption of the measure.

Right Hon. Mr. MEIGHEN: The unemployment measure is undoubtedly important in the sense that it affects a very pressing, nation-wide and vital problem. As I have intimated to the House, I do not feel it is a measure which we should defeat, in view of the fact that it undoubtedly was part of the specific programme of the party sustained in the last election, and there is consequently no doubt as to mandate. But I do not want to be understood as saying that in the presence of a definite mandate the Senate should not express its own view and record that view by vote. It may be this House would feel it its duty to do so in the case of a measure which touches some vital principle of government, a measure as respects which there is at stake a definite article of policy for Canada. Such a measure I do not take this Bill to be. I do not believe there is any grave principle in issue within its folds at all. Consequently, for myself, I feel like accepting the will of the electorate and having the Bill passed in this House without impediment.

This of course does not mean, and I know the honourable leader of the Government would not take it to mean, that it is a measure we should just allow to go through and should see no more of. Though we may not deem it our duty to oppose and, if we have the votes, to defeat it, nevertheless our duty is to express our views upon it, as well as to review carefully all its features and improve their expression and their detail in any way we can. Such, undoubtedly, is one of the functions of this House, and we should exercise it in relation to this measure as in relation to all other important measures.

That said, I come to the course we should pursue. We are faced with a resolution of the Commons intimating that their House adjourns this evening at 6 o'clock for the Easter holiday. The Royal Assent to such Bills as have passed both Houses is then to be given. I again state the view I expressed a moment ago: there will not be time between now and then for us to deal, in the fashion in which we think we ought to deal, with a measure so important as this, even though it be a measure we do not wish to defeat. The right honourable leader of the House of Commons might be so advised. Nor can I see any value in our sitting to-night and to-morrow if the Commons adjourn at 6 o'clock this evening, because Royal Assent to the measure will then inevitably be delayed until after the Easter holiday. Maybe the adjournment will be a week longer in the case of the Senate; but a week, although important, does not involve a very serious delay, and, in my opinion, if this Bill does wait another week the ranks of the unemployed will not become any more congested in that time. I do not think anyone expects from this measure anything in the way of immediate relief, for it merely provides for the appointment of a commission to study, recommend and report. Therefore, if this resolution does stand, I should feel justified in sharing responsibility for postponing the measure until after Easter. If, on the other hand, this resolution does not stand, then I think—

Hon. Mr. DANDURAND: This resolution?

Right Hon. Mr. MEIGHEN: The resolution that the House of Commons adjourn at 6 o'clock. Then I think we owe it to the country to proceed with our work, though it may take to-night and to-morrow, and finish our review of this measure.

Hon. Mr. DANDURAND: I am glad to have the opinion of my right honourable friend on this question. I move now that the Senate adjourn during pleasure. When we resume I shall know exactly what is the situation confronting us.

Hon. C. E. TANNER: Honourable members, while it may not be strictly relevant to the discussion, I think it is relevant enough to make to the honourable leader of the House a suggestion which I have had in my mind.

As I understand the matter, we are now waiting upon the other House for an important piece of Government legislation. I am not holding my honourable friend the leader of this House responsible for the delay; he is entirely blameless; nor am I suggesting that the Government itself as a matter of fact is to blame for the situation which confronts us. But if this Bill should come to us to-day or to-morrow, I should like to draw my honourable friend's attention to the fact that it will be the first piece of major legislation which the Government has been able to send down to this House since February 6. That is precisely two months ago. If one takes the trouble to look at the House of Commons Debates one will discover that 2,062 pages have been published in two months. Out of all this discussion there has come to this Chamber just one bit of important legislation. It is improper, of course, for us to criticize the other Chamber, and I have no intention of so doing, although we are frequently interested in and sometimes amused by criticisms of this Chamber and propositions concerning what is called "reform of the Senate." I have said more than once, and I repeat it to-day, that if any part of this Parliament is in need of reform it is the House of Commons. In saying this I am referring not to the people sitting there, nor to the Government, but to the House of Commons as an institution badly in need of reform.

What is the situation that has prevailed since we came here? After a vigorous contest in the country a Government was returned with a very large majority. That Government undertook to do a great many things which it, and the country, considered to be important and urgently in need of attention. But here we are after two months with nothing done. That, of course, is the fault of the system. The Government is tied up by the system, and we are tied up by the system, and I am going to make a suggestion to my honourable friend, who, I presume, is an influential member of the Government of the day.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. TANNER: We all have a great deal of confidence in and respect for the honourable gentleman. I suggest, therefore, that he take up with his colleagues the idea that the time of Parliament during the first month or six weeks of the session, instead

of being frittered away in discussion which is useless, as anyone who peruses the House of Commons Hansard will discover, should be devoted to the business of the Government and the country. Government business should have the right of way over speeches of people who come here from various parts of the country, East and West, filled with ideas, and who for six weeks or two months practically govern the country with speeches that lead us nowhere.

An Hon. SENATOR: Hear, hear.

Hon. Mr. TANNER: I presume it will be objected that this is an interference with the right of free speech. I am proposing, not that the right of free speech be taken away from anybody in either House, but that the business which the Government has been elected to submit to Parliament, and which the country expects it to dispose of without delay, be given precedence, and the right of free speech be deferred. The proclamation calling Parliament says that it is summoned "for the dispatch of business," not for the making of speeches. If the Government had had the past six weeks or two months in which to submit its programme, put it through the other House, and send it up to us, we should have had an opportunity of dealing with it in a leisurely manner, as we are entitled to do. After that private members would have an opportunity to make their speeches and enlighten the whole world if they so desired. The adoption of such a proposal would help us.

The Government is powerful, having an unprecedented majority and full control of Parliament. Let it review the rules and regulations of the House of Commons and take unto itself power to deal with Government business during the first six weeks or two months, and let the other gentlemen stand by. Then it will get its business through.

Hon. Mr. MACDONELL: They are frittering away two months' time at a cost of more than $14,000 a day.

Hon. JAMES MURDOCK: Honourable members, let us keep the record reasonably straight if we can. This Employment Commission Bill was given first reading in the House of Commons on the 19th day of March. We understand it has not yet received the third reading. If honourable gentlemen read Hansard, as I have tried to do, they will find, I think, that there was a great deal of discussion on the resolution introducing this Bill, more discussion on the motion for second reading, and still more discussion at the committee stage. Discussion by those who sit behind the Government is not what has delayed the Bill. I do not say that unkindly. But let us be fair. I do not ask anybody to take my word for it. Look at the Debates. Those who have delayed the progress of this Bill from the 19th of March to the present day are not seated behind the Government. The same remark applies, I think, to the trade treaty, a Government measure which was passed by us the other day. I think it will be found that of the 2,000 pages already printed very many have been taken up with speeches emanating from gentlemen not strongly supporting the present Government. Of course the Opposition has a right to speak. I think it can safely be said that more than one-half of Hansard of the House of Commons has been taken up by those opposing the trade treaty and the measure which we are now awaiting. I may be wrong, but that is my judgment.

Hon. Mr. TANNER: I am not blaming this Government or any other.

Hon. Mr. MURDOCK: I know the honourable gentleman is not.

Hon. Mr. TANNER: My honourable friend is always ready to take a partisan view.

Hon. Mr. MURDOCK: As to the suggestion that the Government should have six weeks during which to go ahead full speed with its measures, I am saying that it could not have proceeded any faster than it did with the trade treaty or the Employment Commission Bill.

Now, one more word. If we want to convince the people of Canada of the correctness of the opinion held by many, namely, that the Senate is a fifth wheel to the wagon, we should simply accept this important measure and rush it through. But since I have been in the Senate some one has suggested—I stand to be corrected forthwith if I am wrong—that so far as the legislation of this Dominion is concerned the Senate may reasonably be regarded as the balance wheel. Not much balance would be shown in undertaking to pass through the first, second and third readings a Bill which is perhaps the most important to come before us this session, in order that it may receive the Royal Assent by 5.30.

Right Hon. Mr. MEIGHEN: Who suggested that?

Hon. Mr. MURDOCK: It was my understanding that such a proposal had been made. I do not charge my right honourable friend with that.

Right Hon. Mr. MEIGHEN: Nobody in this House has proposed it.

Hon. Mr. MURDOCK: I understand it is the general intent that the Bill be put through to-day.

Hon. Mr. MACDONELL: Is not the honourable gentleman speaking of a Bill that is not yet before us?

Hon. Mr. MURDOCK: I am, but the discussion has been largely upon that basis.

Hon. Mr. DANDURAND: The discussion is on the motion to adjourn.

Hon. Mr. MURDOCK: I think it would be a great misfortune for the Senate to lower its prestige by undertaking to rush through haphazard, without reasonable discussion, an important measure of this kind.

Hon. Mr. GILLIS: What course does the honourable gentleman suggest?

Hon. Mr. MURDOCK: Follow the rules of the Senate. Give it the consideration that it is entitled to.

Hon. Mr. GILLIS: That it should be held over until after the recess?

Hon. Mr. TANNER: Last session was a very heavy one and a great deal of work was accomplished. During that session the House of Commons printed between 4,000 and 5,000 pages of Hansard. In this House, although Hansard amounted to less than five hundred pages, we handled every bit of business that was handled by the House of Commons. We did our work effectively in committee. Honourable members may be interested in knowing the facts. For three sessions, as honourable senators may remember, most of the business, instead of its being thrashed out here and the discussion incorporated in the pages of Hansard, was sent to the Committee on Banking and Commerce and the Committee on Railways, Telegraphs and Harbours.

Hon. Mr. DANDURAND: Where very serious work was done.

Hon. Mr. TANNER: That is where the real work was done, under the leadership of my right honourable friend (Right Hon. Mr. Meighen) and the honourable the leader of this House (Hon. Mr. Dandurand). Everything was done in a businesslike way, and I do not think we had such a thing as a party division during the three sessions.

I have here a statement of what those committees did. It is as follows:

Committee on Banking and Commerce

	Session 1932-33	Session 1934	Session 1935
Number of meetings held	16	55	49
Number of Bills considered	6	24	25
Number of amendments made	32	778	290
Number of witnesses heard	59	174	177

Committee on Railways, Telegraphs and Harbours

	Session 1932-33	Session 1934	Session 1935
Number of meetings held	23	5	4
Number of Bills considered	8	5	3
Number of amendments made	62	0	1
Number of witnesses heard	31	9	5

That is how the work is done in this House. The discussion is not printed in Hansard or in any newspaper. As proof that the work is effective I would say that not more than two or three of the hundreds of amendments that were made and sent to the House of Commons were rejected by that House.

Hon. Mr. DANDURAND: The statement given by the honourable senator from Pictou (Hon. Mr. Tanner) is most interesting. I would suggest, however, that we end the discussion and adjourn during pleasure, so that I may have an opportunity of ascertaining when we are likely to get the Employment Commission Bill. It will be understood, of course, that as soon as the measure reaches us the sitting will be resumed.

The Senate adjourned during pleasure.

After some time the sitting of the Senate was resumed.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Sir Lyman P. Duff, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 5.30 p.m. for the purpose of giving the Royal Assent to certain Bills.

NATIONAL EMPLOYMENT COMMISSION BILL

FIRST READING

A message was received from the House of Commons with Bill 14, an Act respecting the establishment of a National Employment Commission.

The Bill was read the first time.

SECOND READING

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

Hon. RAOUL DANDURAND: Honourable members of the Senate, it is not customary to ask for the second reading of a bill on the very day of its introduction into this Chamber. Ordinarily two days' notice of motion for second reading is given, in accordance with our rules. But with leave—and if no voice is raised in protest, I shall presume leave to be given—I would move the second reading of this Bill now. Honourable members have just heard His Honour the Speaker read a communication that the Deputy Governor General is to come here this afternoon at 5.30 to give the Royal Assent to some Bills. In the meantime we can continue with our work.

This Bill is addressed to the solution of the foremost problem of the day, that of giving work to fellow citizens and relieving the distress of a million and a quarter of our people. It is recognized that the first duty of a Government is to try to make the people of a country happy. Though happiness is an ideal not very often attained, we strive in normal times to make it possible for our people to achieve at least a certain measure of contentment. The present situation imposes upon us a more pressing duty, namely, to see to it that they receive the necessities of life.

Since 1930 all countries—I know of no happy exception—have been afflicted with the same kind of economic conditions. Of course, the misfortunes of our neighbours are no consolation for our own. For five long years, in which Canadians have displayed admirable fortitude and great patience, our federal, provincial and municipal governments have poured out money without stint to help relieve distress. But so far the efforts of the various organizations have been carried on in a more or less disconnected way, without co-ordination. Now it is thought by its sponsors that the proposed National Employment Commission will function as a central agency for recommending ways and means of providing work, for exploring and suggesting methods

of dispensing relief, and for co-ordinating the efforts of the bodies which have been dealing with these matters.

This measure is not a cure-all for our economic ills. It is simply a means to an end, and by itself it will not provide employment. It will be the duty of the Commission to point out the proper direction to public authorities. The Government and Parliament will not be relieved of their responsibilities nor of their authority as regards this great problem of unemployment. The Commission will be an aid to the Administration, not a substitute for it. It is impossible for any Cabinet to concentrate all its thoughts on the solution of one such problem, to the exclusion of multifarious other duties. Honourable members who have sat in Council and been responsible for the administration of departments will bear me out in that.

We must substitute for mere expediency some degree of planning. It is necessary that there be a precise survey or census with respect to the whole unemployment situation. And there must be a link to correlate the policies and practices of organizations contributing to relief, so that industry, commerce, financial institutions, labour bodies and social service agencies may co-operate under a centralized leadership.

With the permission of the House I shall supplement my remarks with a few appendices for incorporation in Hansard. This is Appendix No. 1, with respect to classification of direct relief recipients and arrangements for collection of data:

At the Dominion-Provincial Conference held in Ottawa in December, 1935, the Sub-Conference on Unemployment and Relief considered the data available in respect to relief recipients, particularly as to its adequacy as a basis for a comprehensive study of the relief situation. Finding that it would be desirable to have statistics much more complete, the Sub-Conference recommended that a re-registration of direct relief recipients be undertaken by the provinces and municipalities for the purpose of procuring uniform data.

In giving consideration to the establishment of a National Employment Commission the Sub-Conference suggested as one of the functions of the proposed Commission, the following:

"In co-operation with the provinces and municipalities to carry out as early as possible a Dominion-wide registration and classification of those on relief who are capable of self-supporting work."

Upon further consideration following the Conference, it was the opinion of the Department of Labour that the collection of statistics, adequate to warrant a classification of persons on relief, would involve some considerable time, so much so that if the statistics were to be available within a reasonable time of the establishment of a commission as proposed, it

would be desirable that steps should be taken forthwith to put into effect a new statistical system. With this object in view forms were drafted by the Department of Labour, and these forms were distributed to the provinces at the middle of January, to be returned in their completed form each month by the provinces and municipalities to the Department at Ottawa.

The matter of whether and to what extent an actual re-registration of those on relief should be undertaken was left to the provinces and the municipalities to determine, the criterion in this regard being the adequacy of the information immediately available on relief cases through existing municipal records. In all instances, it should be remarked, the provinces and their municipalities have undertaken to co-operate with the Department by securing the detailed data requested. It might also be observed that relief is distributed throughout the nine provinces by several hundreds of municipalities, all of which are required to co-operate in these inquiries.

Federal authorities, distributing direct relief, have also been asked to supply information, these latter including the relief camps heretofore under the Department of National Defence, as well as those under the National Parks Branch of the Department of the Interior; the Department of Indian Affairs, in respect to the Indian population; the Department of Pensions and National Health, in respect to certain war pensioners; and the Department of the Interior in respect to the Yukon and Northwest Territories.

Returns received by the Department of Labour to date have been ample to permit of some preliminary tabulations being made, and from the progress so far accomplished it is anticipated that in the course of a few weeks it will be possible to commence making regularly each month a monthly tabulation on all phases of the relief situation.

The schedule attached indicates the nature of the classification of direct relief recipients undertaken by the Department of Labour.

Schedule of Information Required by the Department of Labour

(A) Employable Persons:
- (a) Numbers of, with separation into: (1) heads of families; (2) employable dependents; (3) individual cases; and with separation by sex.
- (b) For all—ages; occupations; whether required to perform some work in return for relief; whether receiving partial relief additional to earnings.
- (c) For heads of families and individual cases—length of time continuously on relief.

(B) Dependents of Employable Heads of Families:
- (a) Number of, with separation into: (1) wives; (2) children under 16 years; (3) children over 16 years, at school full time; and with separation by sex.
- (b) For all—ages.

(C) Unemployable Persons (Adults):
- (a) Numbers of, with separation into: (1) heads of families; (2) unemployable dependents; (3) individual cases; and with separation by sex.
- (b) For all—ages.
- (c) For heads of families and individual cases—length of time continuously on relief.

(D) Dependents of Unemployable Heads of Families:
- (a) Number of, with separation into: (1) wives; (2) children under 16 years; (3) children over 16 years, at school full time; and with separation by sex.
- (b) For all—ages.

(E) Farmers on Relief:
- (a) Number of, with separation into: (1) heads of families; (2) individual cases; and with separation by sex.
- (b) For all—length of time continuously on relief; ages.

(F) Farmers' Dependents:

Number of, with ages; and separation by sex.

(G) Transients:

Total number cared for.

This is Appendix No. 2, giving—

Comparative Figures of Direct Relief Recipients:

Preliminary figures for February, 1936, show 1,237,775 persons in receipt of direct relief from municipalities and/or provinces during the month of February, 1936. This grand total shows progressive reductions since 1933, the comparison in each previous year being with the same month. Figures for the month of February back to 1933 are as follows: February, 1933, 1,462,274; February, 1934, 1,347,220; February, 1935, 1,315,052.

The figure for February, 1936, indicates subtotals as follows: heads of families, 274,188; dependents of heads of families, 910,768; individual cases, 52,819; total, 1,237,775. The detailed separation of relief cases, as provided under the classification of direct relief recipients, is not yet available for the month of February.

In addition to those in receipt of direct relief through the municipalities and/or provinces, 72,648 persons were receiving assistance under the Relief Act, 1935, made up as follows:

Homeless persons cared for in federally operated camps and by Western Provinces	31,911
Number cared for by farm placement plan	14,169
Number given relief work on wage basis (not including dependents)	7,982
Relief settlement—settlers and dependents approved to end of month	18,586
Total	72,648

The above total also showed progressive reductions since 1933, the figures for February of earlier years being as follows: February, 1933, 71,568; February, 1934, 143,839; February, 1935, 116,041.

Though not assisted under the Relief Act, there are two classes of direct relief paid by the Government of Canada from other appropriations. One is relief paid to certain ex-service men who are pensioners, by the Department of Pensions and National Health, which covered a total of 34,603 individuals in

February, 1936; and the other is relief paid to the Indian population through the Department of Indian Affairs, estimated as affecting 35,000 persons during February of this year.

The total number of persons in receipt of direct relief from the municipalities and/or provinces, and otherwise cared for under the Relief Act of 1935, and of persons in respect of whom relief is paid by the Departments of Pensions and National Health and Indian Affairs for February, 1936, is, therefore, estimated at 1,380,026.

The gross numbers assisted through relief or works to which the Dominion contributed under the Relief Acts in February of the last four years were as follows:

February, 1933..	1,533,842
February, 1934..	1,491,059
February, 1935..	1,431,093
February, 1936..	1,310,423

Therefore, the reduction in the gross number in February this year as compared with February, 1933, was 223,419; compared with February, 1934, 180,636; compared with February, 1935, 120,670.

The cumulative reduction from February, 1933, to February, 1936, was 223,419.

If the problem of direct relief be analysed, it will be observed that during January last 37·38 per cent of those on direct relief were employable persons and their dependents, this proportion being directly due to unemployment; 6·06 per cent were unemployable persons and their dependents, representing a chronic social problem; 26·48 per cent were farmers and their dependents, this proportion being due to the farming difficulties of the last few years; and ·08 per cent were transient persons, perhaps mostly employable. These figures are amplified in Appendix No. 3, which gives a classification of recipients of direct relief.

Preliminary figures received from the provinces for January, 1936, on direct relief recipients, make possible some interesting analyses of the relief situation. These figures show a grand total of 1,233,390 in receipt of direct relief from the municipalities and/or provinces, in respect of which the Dominion grants in aid are applied, these figures excluding persons engaged on relief work, persons placed under the farm placement plan, and persons settled under the relief settlement scheme.

Of the grand total of 1,233,390 persons on municipal-provincial relief, there are 251,681 male and 80,499 female employable persons over 16 years of age. These persons, a total of 332,180, or 26·94 per cent of all those on direct relief, represent the problem of unemployment as it enters into the relief problem. Employable persons have dependent upon them a total of 498,760 persons—wives, children under 16 years of age, and children over 16 at school full time. They will have dependent on them, also, some unemployable adults, but these latter are considered as falling into a different category. The total percentage of the relief problem which may be considered as directly traceable to unemployment, made up of employable persons and their dependents, is therefore 67.38 per cent.

Hon. Mr. DANDURAND.

Unemployable persons over 16 years of age on relief, not available for employment through physical or mental disability, number 27,317 male, and 20,951 female, a total of 48,268; their dependents, wives, children under 16 years of age and children over 16 years of age at school full time, number 26,545: unemployable family heads would have some employable dependents over 16 years, but these are included in the employable category. Therefore, unemployable persons and their dependents as specified, total 6·06 per cent of the relief problem.

The third main class is made up of those members of the farming community who are on direct relief. Farmers total 68,491—65,235 of whom are male and 3,256 are female. Dependents upon farmers, of all classes, number 258,146. Thus the share of the total number on municipal-provincial relief contributed by the farming community is 26·48 per cent of the problem.

The fourth and last class is that of the transients, persons resident in a municipality for less than 30 days continuously, who number 1,000, or ·08 per cent of the grand total.

The municipal-provincial direct relief problem, therefore, on the basis of these preliminary figures, is composed of employable persons and their dependents, 67·38 per cent; unemployable persons and their dependents, 6·06 per cent; farmers and their dependents, 26·48 per cent; and transients, ·08 per cent.

(For tabulations showing occupations, ages, and length of time on relief, of relief recipients, see House of Commons Hansard, Monday, March 30, 1936—pages 1713 to 1717, inclusive.)

To March 24, 1936, the Dominion Government had expended under the series of Relief Acts $199,085,708.22 for the relief of distress, in addition to which there were federal administrative costs of $502,050.79. Honourable members will find the details of these expenditures in Appendix No. 4:

To March 24, 1936, under the several Relief Acts, starting with that of 1930, the Dominion paid to the provinces a total of $168,365,299.90; under these Acts the Dominion spent $28,489,140.96 on federal works in the provinces; and there was also contributed by the Dominion a sum of $2,231,267.36 for relief assistance of various kinds which cannot be allotted to specific provinces: this gives a total of Dominion expenditures under the Relief Acts to March 24, 1936, of $199,085,708.22, to which must be added administration cost to the Dominion of $502,050.79.

During the same period the gross estimated expenditures of the Dominion, the provinces, the municipalities, and the railways for the relief of distress and of unemployment totalled $556,768,000. Thus the Dominion, apart from administration, contributed 35·76 per cent.

The foregoing figures do not take account of works entirely paid for by the provinces and municipalities, but designed to relieve the unemployment situation, nor of works carried out by the Dominion for a like purpose under appropriations other than that available under the Relief Acts, nor of direct relief administered by the Government of Canada through the Department of Pensions and National Health and the Department of Indian Affairs.

By reference to the Dominion Bureau of Statistics Index Numbers of Employment,

compiled each month from reports submitted by employers, it will be seen that employment in our industries on March 1, 1936, was substantially less in volume than on March 1, 1930, although as compared with March 1, 1933, practically the low point of the depression, a marked improvement had occurred. If we needed such evidence, these figures would indicate the continuance of a serious unemployment condition. In the relief figures we find 332,180 employable persons—further evidence of heavy unemployment—and in addition there are the unemployed who are not on relief. The employment situation is dealt with fully in Appendix No. 5:

There are two statistical indices which indicate the trend of employment in industry throughout Canada. One is the series of index numbers of employment in industries other than farming, fishing and domestic service, compiled by the Dominion Bureau of Statistics from reports furnished by employers; the other is the series giving the percentages of their members who are unemployed, as reported by trade unions to the Department of Labour.

The Index Numbers of Employment:

The Bureau of Statistics index numbers are all related to a base of 100 points, which represents the average for the months of the year 1926. The index for March 1, 1936, stood at 98·9 points. The pre-depression peak for the same month, March, was reached in 1929, when the figure was 114·4: March, 1930, showed only a slight decline to 110·2. The index, therefore, shows a net drop on March 1 this year, compared with the same date in 1930, of 10·2 per cent (approximately). But this does not mean that the drop in employment in the six years to March this year has been only 10·2 per cent, for other factors enter in. These factors arise chiefly from two considerations:

(1) These index numbers do not take into account the normal increase in population. Assuming that the percentage of the population seeking gainful employment remains constant, then the number seeking gainful employment increases each year in proportion to the gain in general population. The estimate of population increase over 1930 is approximately 8 per cent, so that this factor would indicate the need of adding a minimum of 8 per cent to the visible difference between March of 1930 and March, 1936, to measure more nearly the net decrease in employment in this period. The reason for referring to this addition as a minimum is due to the fact that not all persons were employed at March 1, 1930. If such an addition were made it would indicate a net relative decrease in the employment reported upon of at least 18·2 per cent in the six years to March 1, 1936.

(2) The index numbers include as employed persons some thousands who are on relief works or in relief camps. The figure for March 1, 1936, is thus supported by this factor, while that for March 1, 1930, was not influenced in like manner.

It is to be noted that the index numbers relate to industrial employment only; they exclude, among other industries, farming. Owing to crop conditions in recent years, the farming industry is able now to absorb very substantially fewer men, even under bonusing conditions. This factor is not covered in the index numbers, and figures are lacking on this phase of employment, but observations would lead to the belief that the decrease in farming employment afforded would be at least as great as in industrial employment.

To indicate thus a probable decline in general employment from March 1, 1930, to March 1, 1936, of 18·2 per cent, is not to overlook the fact that the same index numbers show that material progress has been made in the recovery of employment since the low of the depression. The low was reached on April 1, 1933, when the index stood at 76·0 points, but a fairer comparison may be made with March 1, 1933 (to use the same month as before), when the index stood at 76·9 points. From March 1, 1933, to March 1, 1936, the index moved up by 22 points, or approximately 28·6 per cent. This 28·6 per cent improvement in the low point of March 1, 1933, may be taken to indicate the extent of employment recovery in the last three years, subject to a deduction of at least 4 per cent for the assumed increase in the numbers of persons seeking gainful employment.

To sum up, at March 1 of this year, according to the Dominion Bureau of Statistics index numbers of employment in industries other than farming, fishing and domestic service, industrial employment showed an apparent net recovery of not more than 24·6 per cent relative to March 1, 1933, but a net decrease of not less than 18·2 per cent relative to March 1, 1930, after making allowance to compensate for the normal growth in the numbers of persons seeking gainful employment: in these calculations allowance is not made, however, for the influence of relief work on the trend of employment as carried by these figures. It should also be pointed out that these percentages are not directly comparable one to the other, as they are on different bases, that of the recovery being based on the abnormally low level of 1933.

Trade Union Unemployment:

The general trend of employment (and conversely, of unemployment) as shown by the index numbers is corroborated in a general way by the Department of Labour figures of unemployment among their members as reported by trade unions. The recession in employment had set in somewhat earlier among trade union members than was indicated by the index numbers of general employment, and on February 28, 1930, the percentage of unemployment was 11·5 per cent. For the same date, i.e., the last day of February, in succeeding years the heaviest unemployment was recorded on February 28, 1933, when it was 24·3 per cent. To February 29 this year there was a reduction in unemployment among trade unions until the figure stood at 13·8 per cent.

One factor which may have a tendency to minimize the percentage of unemployment among trade union members after a protracted period of unemployment is that members, as individuals, may temporarily cease their membership for financial reasons after being without work for some time, while new employees are not entering trades and occupations, and are not providing unions with their normal growth.

Part-Time Employment:

In neither of these two indices is any allowance made for persons in part-time employment,

that is, persons working less than a normal working week, of whom there are a considerable number at all times during a depression.

Note of Explanation:

For March 1, 1936, the employers' index numbers of employment cover 931,959 workers. The Trade Union percentage tabulation includes 169,000 union members.

The fact that trade and employment have revived since the low point of the depression gives hope for a market revival as against the views of the pessimists, who are not quite sure that conditions are improving. It may be a long process, but all the Government's efforts are directed towards expansion of our external trade, which it hopes will make for more employment. Public works will be undertaken, but our financial condition imposes limitations. It will not restore normalcy; it will only alleviate part of our troubles.

The Dominion-Provincial Conference of December last unanimously agreed to the establishment of a commisison as proposed by this Bill. In support of this affirmation I submit Appendix 6:

Dominion-Provincial Conference, December, 1935

Text of Resolution re National Employment Commission.

Reference, page 43, Record of Proceedings, Dominion-Provincial Conference, 1935.

3. That there be established a Dominion Commission on Employment and Relief with broad functions and powers which would include the following:

(a) In co-operation with the provinces and municipalities to carry out as early as possible a Dominion-wide registration and classification of those on relief who are capable of self-supporting work.

(b) To determine the general standards, regulations and conditions to be met by any province in order to qualify for participation in Dominion funds.

(c) To co-ordinate public works programmes and employment policies on a long-range basis, and establish a general consistency of action.

(d) To supervise the distribution of funds voted by the Dominion Parliament (and made available by the Governor in Council) for employment and relief purposes.

(e) To promote the objects set forth in sections 4 and 5 hereof.

4. That the co-operation of commerce and industry be requisitioned to assist in devising plans under which business enterprises shall make year-round provision for their essential quotas of employees and for the increase of employment. Many industries now recognize that it is unjust and anti-social for business management to produce casualties for public treasuries to take care of, regardless of the wrecking of individual and family life involved.

5. That under government leadership a system shall be devised for the training of youth in habits and techniques of work and industry, and for a thorough and well-integrated apprenticeship system.

The Canadian Welfare Council, the Canadian Chamber of Commerce, and the trades and labour associations, respectively, have given their warm approval of a National Employment Commission. The Mayors' Conference held recently in Ottawa also unanimously endorsed the proposal.

The Government offers this Bill to the Senate, not as a panacea for our economic and social ills, but rather as one means towards the end in which we are all so deeply interested.

With these remarks I move, seconded by Right Hon. Mr. Graham, the second reading of this Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, the House already knows that I do not intend to oppose second reading or to urge any of my fellow members to oppose it. The House is also aware of the reasons for this stand.

Those reasons have to do, not with the merits or demerits of the proposal, but with the fact that it is a measure which undoubtedly the Government has a mandate to enact, and is not of such a character in relation to the vitals of our social, industrial or political life as would call for the exercise of a check by way of reversal at the hands of this House. It is our part, though, to contribute as best we can to an elucidation of the Bill and an examination of its merits and probable results, and as well to improvement of it in any respect in which we feel we can improve it.

This unemployment difficulty has confronted our country for a series of years, it has harassed the days and nights of members of administrations, both Dominion and provincial, and indeed municipal, and it has, I fear, baffled and defeated the efforts of the best. We therefore approach any attempt made in good faith to find some solution or amelioration of this condition with sympathy and with an ardent desire to help.

We know an extraordinary, certainly an abnormal, proportion of people are still in the ranks of the unemployed, still suffering the humiliations and privations which such a condition imposes. We are especially conscious of the fact that young men, arriving at that age in life at which, in years past, people have been accustomed to find a position in the economic field and to utilize their powers for their own advancement and the good of the society they live in, are finding it difficult and, in a distressing number of cases, impossible to secure any place at all. There is no more painful feature of the unemployment problem than this very phase in relation to young men. Nothing this

House could do, whether by discussion and treatment of this measure or by some separate investigation or action of its own, might be more useful than a thorough review and examination of the whole question of unemployment.

Society advances by slow and arduous steps, even though it seems to have the adventitious aid of scientific invention and discovery, and every step forward, which in years gone by we have been accustomed to call an advance, is accompanied by anguishing pains and suffering on the part of many who are victims of the process of adjustment. That which we are now encountering is the reaction following a long series of scientific inventions, the application of discovery to machinery, with resultant displacement of huge proportions of working men. The whole structure of society is built upon the principle that each man reaching the working age of life finds something to which he can put his hand or his brain, with results of such value that society is ready to pay for them. An appalling proportion of those who in days gone by could sell the products of their toil to a waiting world, able to use them for its own advantage and good, are now with an asset much less valuable, much less in demand, and therefore harder to sell. Other things have taken the place of the contribution they have been able to make, and to-day they suffer because of the readjustment which we are going through.

It is not necessary to despair, for we know that in other periods of history similar experiences have been encountered; and in those periods, as in this, very disastrous consequences were predicted and seemed in sight, but always in time the process of absorption set in again, readjustment was completed, and society found itself one stage higher, the comforts of life greater and more widely spread, and the penalties of progress paid.

Canada to-day, with the rest of the world, is in the throes of the worst of depressions, and these throes are aggravated by the consequences of the Great War, which used up much of the energy of mankind and destroyed much of human values.

The honourable leader of the House has given us the very comforting information that since 1933 the numbers of the unemployed have been reduced. There could be no news more gratifying to us all, even though the percentage reduction has not been large. But I am afraid the news must be accompanied by this statement of fact, that while mere numbers have diminished, distress has been intensified because of the contrast of the new with the old.

We also meet this phenomenon, that although the number of those out of work has decreased, the cost of sustaining the unemployment situation is greater than it ever was. In this connection I make mention of one city which I know best at the present time. There is no doubt that 1932 was the nadir of the depression. In that year, the darkest of all through which we have passed, both business and employment were at their worst. In 1932 unemployment in the city of Toronto cost more than $2,000,000. In 1933, when business was somewhat better and naturally unemployment conditions also improved, the cost was over $5,000,000. In 1934 it was over $8,000,000; and in 1935 over $9,000,000, although unquestionably opportunities were then greater for getting work, and beyond all doubt business was measurably improved from the low, turbid condition of 1932.

I think there is something we have to learn from this phenomenon, even though we are very sorry to learn what is a black and revolting truth. Assuming that the lack of employment is in the main due to no fault of the unemployed themselves—and undoubtedly this is true—I am afraid it must be said that it is absolutely necessary to maintain the unemployed on a very modest standard in order that the urge to work may not be destroyed. Nobody who wants to pay any respect to truth at all will deny that that urge to work, upon which the whole progress of civilization is dependent, is weaker to-day than it was before this depression started.

In support of my statement I could give instances for longer than the House would care to listen. We find ourselves, therefore, with the ranks of the unemployed diminishing, with opportunities for work growing greater, but with the burden of the charge growing heavier. Undoubtedly the main reason for this unsatisfactory condition is that there is not the same determination to get out of those ranks as there was years ago. Would that it were possible to take care of the less fortunate on a level and standard of living of which we could be proud. Would that human nature were so constituted that that could be done. I am afraid we have to admit it is not so constituted—that is not the way we are made. The consequence is, if we adopt that course and pursue it, this machine which we call civilization just will not work. This appalling truth we have to recognize.

But all these observations are not very closely akin to the specific provisions of this measure. I do not for a moment dispute the good faith of the Administration in advancing this Bill. I know that if ever a Government had a direct, specific mandate to enact a measure, it has in this case. However, I cannot become enthusiastic about the measure itself. I cannot convince myself that any distinctive, independent employment commission can be established which will render real and permanent service in helping a Government out of the difficulties which surround all governments to-day.

It has been said elsewhere, and truthfully, that this is our greatest problem. It is argued that it is therefore too big, too baffling, to be successfully grappled with by a single department of Government; that when big problems have arisen in years gone by, some separate organization has been established to deal with them. Instances are given of the Patriotic Fund in 1914, of the Department of Soldiers' Civil Re-establishment during the War, and after, and of the Purchasing Commission. True, these are instances of the establishment of special organizations, but they differ in every imaginable respect from the present instance. The moneys of the Patriotic Fund were contributed by the free will of the people of our country, to be used for the assistance of dependants of men who went to the front to battle in the name of Canada. The organization established to administer that fund was responsible to the contributors, and was organized to discharge what was distinctly, solely and inevitably a peculiarly federal responsibility. The same can be said in respect of the Purchasing Commission, and in point of principle the same reasoning applies. An extraordinary duty involving vast sums of federal moneys was cast upon us in time of war. The function of the commission was more or less, at least for the course of the War, a permanent function of Government, but it was distinctly and solely a federal function which involved no interprovincial ramifications, much less a provincial responsibility. The Department of Soldiers' Civil Re-establishment rested on precisely the same sort of base, and had its justification in precisely the same causes.

Even if what is proposed were a department, there would be no analogy to the Department of Soldiers' Civil Re-establishment, because that department was concerned wholly with what was plainly a permanent federal duty in which all the other units and entities of our Confederation, as such, had no concern. What is provided for here is not a department, and in that respect also it cannot be compared with the Department of Soldiers' Civil Re-establishment.

And here I want to emphasize one point. I am not arguing that we should have no concern in unemployment, for unemployment is undoubtedly the biggest thing in which we are concerned; but I am stating a truth from which you cannot escape, namely, that unemployment is primarily, initially and inevitably a provincial responsibility. The federal part in the solution of the unemployment problem must be auxiliary; it cannot be otherwise. I have read within the last forty-eight hours that unemployment has become so great as to constitute a national problem. It is a national problem in the sense that it is great; in the sense that it exists in Quebec, Ontario, the Maritimes and the West; but that does not shift the onus of responsibility either constitutionally or from the mere standpoint of effectiveness in dealing with it. We have schools in all our provinces—separate schools in some, public schools in all. It might be argued, therefore, that the whole question of education is a national question. But is it? Everyone here is interested in education; the nation is interested in it; but that does not make it a national question at all. Constitutionally as well as on the basis of common sense, it was established primarily as, and ever will be, a provincial matter. It is the same with unemployment. When you shift the problem of dealing with unemployment and unemployed off the provincial base, and therefore off the municipal base, and make it a federal matter, you abandon all hope of any permanent or useful solution. It must be dealt with in its proper association and relation. Otherwise it cannot be dealt with successfully. Therefore, to endeavour to appoint a commission to deal with a problem which fundamentally and basically is provincial is not sound and cannot result in success.

One has only to examine the terms of this measure to see the difficulty with which the Government was confronted in trying to find within the circle of its powers and duties anything of real value which this commission could do. Let us examine those powers and duties one by one. They are to be found in sections 6 and 7, and possibly further on. They are all of one character. The first is to—

—carry out as soon as possible a national registration and classification of persons on relief in co-operation with the provinces, municipalities and private and public bodies.

I have no doubt that is the first thing this new commission will do. But is a commission necessary for that? Is any new body required? The honourable leader of the House in the course of his address gave us a brief analysis of the classes of unemployed. I do not know that he gave the ages and other details which the Government undoubtedly has in its possession. He gave a statement of persons unemployable and those who were not, and as much information as could be of value. I suggest, however, that he did not give us all the information available in the archives of Government or all that was presented by the Minister of Labour in the other House when he introduced this Bill. I know of nothing left out by him that could be of any practical use. The Bureau of Statistics exists for the purpose of gathering and assembling information; it does not neglect its duties; and I stand here to state that there is no classification anyone could want or imagine which cannot be obtained to-day. If any further detail is required the same agencies that have produced what we have can produce that little more. So I do not think anyone would be serious in saying that he was in favour of erecting an institution of three, four, or five storeys for the purpose of obtaining what we already have.

The next duty of the commission is to—

—recommend to the Minister—

This word "recommend" has been employed with rather grating repetition in section after section.

—recommend to the Minister conditions to be complied with by any province obtaining grants for relief purposes from the Government of Canada.

Right at that point the Administration was touching on a difficulty which it knew it could not meet by anything of this kind: the conditions upon which a province gets money. Suppose a province says, "No." Do we turn our backs upon the province and do nothing? Can we dictate to any province how it shall spend the money we advance? On the other hand, if a province agrees to comply, but does not comply with the conditions, what sanctions can we impose? None at all. The provinces are just as supreme within their ambit as we are within ours. It is the language of folly to suggest that we can supervise the administration of funds, however received or from whatever source, once they are in provincial hands. It cannot be done. The commission is to "recommend to the Minister conditions to be complied with." That is not very difficult. That will not do any harm. But I should like to have the leader of the Government before us when he finds provinces telling us that they are just as autonomous as we are and intend to spend the money as they wish, not as we wish.

Next, the commission shall

—recommend to the Minister—

—"recommend" again—

—effective means of mobilizing—

That is a new word in statute drafting.

—mobilizing the agencies for relief both state and voluntary.

Does that include provincial agencies? After the Minister gets the recommendation how is he going to mobilize provincial relief agencies? Everyone realizes it cannot be done. The recommendation can be made, but that will be the end of the function of the commission.

Next, the commission shall

—investigate and report upon proposals for the carrying out of programs of public works and other projects to aid in providing employment.

In so far as those public works are federal, surely, having regard to unemployment needs, the Department is able to evolve a programme with more wisdom than a new commission with none of the experience of government and not very much sensitiveness about the needs of public business. The Minister of Finance and his colleagues, who wrestle with that problem hour by hour and night by night, would be vastly more competent to evolve a programme which would be workable and within our means than any commission we can set up and pay. Besides, we have a Department of Public Works.

The next subsection is just the same, as far as I understand its effect. They shall

—recommend to the Minister measures with respect to programs of public works and projects of the Dominion, the provinces, the municipalities, and other agencies.

Do honourable gentlemen not realize at once how futile that is? They are to recommend to the Minister of Labour for Canada what the provinces or the municipalities should do in the way of public works, or what should be done by other agencies, which in this respect are wholly under provincial jurisdiction. Futility is written across every line of this series of powers.

Next, they are to

—investigate and report to the Minister on measures of co-operation with commercial and industrial groups in devising means under which provision may be made for the maintenance and increase of employment.

The best that can be said of that is that it is harmless. I cannot see that any very great injury can be done by it. The commission

may have a discussion with the Manufacturers' Association, or with individual manufacturers, as to what would be in the interest of employment in a certain district, but after the discussion has taken place and the recommendation has been made it is the manufacturer who is going to decide—and he must decide on business principles—whether he will make the recommended expenditures. Otherwise he will be sunk under the water. The same thing can and must be said of any other agency, no matter what it may be, with which this commission is to confer and with respect to which it is to make recommendations to the Minister.

The commission is to

—investigate and report to the Minister upon plans for the establishment of an apprenticeship system in industry.

Now, I will assume that the commission will present to the Minister the finest plan that the resourceful wit of man ever devised for restoring the apprenticeship system in industry. Then I follow with the question, How is the Minister going to put that plan into operation? Everyone here has some elementary knowledge of our constitutional situation; everyone knows that if any force or persuasion is to be used to revive and restore the old apprenticeship plan, the legislative assistance given to it must be provincial. The effect it would have, so far as it is legislative, would result from a statute of the province concerned. Is it not plain, therefore, that when the recommendation gets to the Minister he will be confronted with a stone wall, and will sit with the recommendation until he is out of power?

The next subsection reads this way: The commission shall

—investigate and report upon ways and means of providing employment for disabled persons, and co-operate with the Veterans' Assistance Commission in its efforts to secure suitable employment for ex-soldiers.

Where is the Department of Soldiers' Civil Re-establishment? Has it ceased to function? If it is necessary to do this—and it is, for the care of the ex-soldier is our duty—the clause is a proclamation that the work of the Department of Soldiers' Civil Re-establishment is through and over—its inch-long taper is burnt and done. There can be no other conclusion if we are to say this clause is in any sense a necessity.

It is proposed that the commission shall—

—recommend to the Minister comprehensive measures—

"Comprehensive measures," mind you!

—constituting long-range plans—

That is another innovation in the science of draftsmanship.

—of national development which may be proceeded with or discontinued from time to time as conditions may determine.

I wonder, honourable senators, if there ever was put into plainer language than this a statement of the cardinal function of a Federal Government. This is what the Government was elected to do. Surely this Government is not going to stand by and proclaim that in determining long-range policies for the good of Canada it is to have not only the assistance but the co-operation of a new commission, and in a sense have that organization substituted for itself. Let me repeat. What I have read is the fundamental, inescapable, primary function of Government. That is what honourable gentlemen are elected for. Surely they do not say they are incompetent to discharge this function. I do not think they are. Even though I have no confidence in some of its principles, I would a dozen times rather that a Government with some experience in affairs, and composed of men who have lived in political history, should evolve these long-range policies than that such a duty should be left to some professor, or to Mr. So-and-so and all the others to be appointed outside the Civil Service Commission and not individually responsible to the people of our country.

Finally, the commission will be required

—to take such steps to ensure such publicity as in the opinion of the commission may be necessary to enable it effectively to discharge its powers and duties.

What publicity will be necessary to enable the commission to discharge its powers or its duties? It will have nothing to do but make reports and recommendations. Does any honourable member think publicity will be necessary to enable it to do that? I do not doubt there will be some publicity, nor that it will cost money, but I cannot conceive how that will help in the study of the problem.

Having exhausted the clauses in section 6, I now come to the next section. The administrative duties of the commission are considered of sufficient importance to be isolated. Section 7 says:

The commission shall, under the direction of the Minister supervise the expenditure of funds voted by Parliament for purposes of relief and providing employment, and perform such administrative duties with respect to relief and employment as may be assigned to it from time to time by the Governor in Council.

Now, the moneys voted by Parliament during past years to assist relief have gone—where? To the coffers of provincial governments. I do not claim that none of our grants have gone elsewhere, for in addition we had to provide camps to take care of single unem-

ployed men. They were an auxiliary undertaking which it was felt could be carried on most economically and efficiently by the Federal Government, though the responsibility was provincial. They were placed in charge of the Department of National Defence, and operated under the discipline which only that department could provide. This Government intends to do away with these camps, though information as to what is to be substituted for them has not yet been vouchsafed to us, and at the moment we do not know where unemployed young men will be placed. But the point that concerns us is that the Government says direct federal intervention was wrong and will not be continued. I do not know what consequences will follow, except that from now on provincial treasurers will expend these moneys. Are we going to step in, under the authority of section 7, and supervise expenditures? We know we cannot do that, and we know we shall not try to do it, for once we tried we should be in the throes of a problem from which escape would be very difficult.

Hon. Mr. MURDOCK: Has not the Auditor-General been doing this right along?

Right Hon. Mr. MEIGHEN: No. We may make an investigation as to what has been done, in order to ascertain amounts of expenditures, but we cannot supervise and direct expenditures.

Hon. Mr. MURDOCK: Every dollar that is alleged to be expended for unemployment is audited, to make sure the Dominion is charged only with its proper proportion.

Right Hon. Mr. MEIGHEN: We may audit, with the consent of the provincial government. My own impression is that places have been selected in which to make an examination as to what has been done. But though we may audit, we cannot control or supervise disposition of money. And all we can get from an audit is information.

I am aware that the unemployment problem is exceedingly difficult, and is becoming increasingly difficult. But what I really fear is that by this measure we are only going to delay the definite facing of that problem. It seems to me—and in this I am speaking for myself alone—we should keep the responsibility just where it now is and always has been; that is, on the provinces. Indeed, it cannot possibly be removed from them. We should assist the provinces on a definite plan, in proportion not to the money they spend, but to their direct responsibilities, virtually in proportion to population. The money would then be theirs, the same as taxes collected. Provincial governments are responsible to the people who pay, to the people who elect them, for the administration and disbursement of funds. And expenses should be kept as low as possible, because the lower they are, the greater will be the contribution to the ultimate solution of the problem. That ultimate solution is only delayed when there is maintained any standard of comfort—of subsistence, even—which gives encouragement to malingering and idleness. The provinces should be held responsible. But we have to supplement their revenues, and generously, because these are too limited to take care of all necessary expenditures. We must bear in mind, though, the absolute necessity of maintaining local supervision and responsibility, and of providing no more funds than will take care of the unemployed in a moderate way. Unfortunately, if we do more we shall be multiplying the difficulties by adding to the numbers of those who have to be looked after. Thus the solution will be postponed, and, indeed, the whole wave of distress which follows unemployment will be expanded.

These observations are not offered in any spirit of superior knowledge or position. Fortunately for myself, I have not had to battle with the unemployment question as some honourable senators have had to do. But no citizen who takes an interest in this country can have failed to be harassed, to have had his sleep interfered with and his peace of mind disturbed almost constantly, by appeals made to him and by the distress of unemployed men unable to find work.

Yes, the problem is tremendously difficult; and sometimes I fear we are a little late in dealing with it. I would there were members of this House who felt that as part of our public duties we should have a special committee of the Senate to examine into the whole question of unemployment with a view to assisting the Government in its efforts to cope with it. Should that suggestion meet with any welcome on the part of the Government itself and of honourable members here, I certainly would give freely of my time in trying to be of some help. We are in at least as good a position as the best possible commission could be to study the subject and to make recommendations, if any are needed. The responsibility is directly upon us. We know the constitutional interrelations. If I were a member of the Administration I would rather have the thoughtful conclusions of a Senate committee than of any commission lacking experience with those constitutional difficulties and conflicts of authority and power which have throttled the Government in the preparation of this Bill and resulted

in making of its every clause an almost obvious futility. Opinions of members of the Parliament of Canada who have fought many political battles, who know what it means to have to pay money out of the public exchequer on a constantly ascending programme of debt, and who are to some extent aware of the consequences of encouraging a certain state of mind on the part of those unfortunate enough to be unemployed, would be of far more value than opinions of the best commission that can be appointed, composed as it must be of persons who have yet to make their first acquaintance with some important aspects of the problem and who will be hampered by every kind of restriction that the mind of man can imagine.

Right Hon. GEORGE P. GRAHAM: Honourable members, we are all interested in this Bill and its objects. In the minds of the people there has been engendered the hope that it will accomplish something. Personally I am not strongly in favour of commissions, but there seems to be throughout the country a general desire that the unemployment problem be tackled by a commission. I think it can be said without fear of successful contradiction that the results of the measure will to a large extent depend upon the personnel of the commission. So in the selection of that personnel the Government has a delicate task.

Now, I fear that if we are to stand strictly on the Constitution the people will suffer. In the past we have not taken such a stand. At times we have given aid directly from the federal treasury to municipalities.

Right Hon. Mr. MEIGHEN: Always to provinces.

Right Hon. Mr. GRAHAM: Well, I know of one or two instances, at least, where the aid was almost direct. Deputations called upon the Government seeking approval for certain things. I cannot say that final approval was given by the Dominion; and in any event I am not objecting, because hungry men cannot be fed upon the Constitution. It is necessary sometimes to take the speediest possible action, even though not along strictly constitutional lines, in order that men may have food.

This Bill is based on the principle of co-operation.

Hon. Mr. DANDURAND: Hear, hear.

Right Hon. Mr. GRAHAM: Any province that prefers to stand strictly on the Constitution will not be co-operating, and it may find its attitude an expensive one. The Bill is intended to provide a means through which the provincial governments, upon whom rests the primary duty of dealing with unemployment—with which, admittedly, they alone are unable to cope—may have the co-operation and financial aid of the Federal Government. I would bespeak their goodwill towards the Dominion in this matter. I would ask them to accept the measure in the spirit in which it is offered by the Parliament of Canada, because of the fact that the present emergent situation necessitates action by the municipalities, the provinces and the Dominion on a co-operative more than on a constitutional basis.

Many municipalities can make out a strong case for federal assistance on the ground that among their population are large numbers of war veterans who draw no pension and have the right to share in any moneys granted for relief purposes.

As I said at the outset, I am not strongly in favour of commissions; but the people have approved of the proposal that unemployment be dealt with by a commission. And in this connection it seems to me that some good may be done in addition to the results flowing from dispensation of financial help. I believe the people of Canada feel that steps have been taken towards at least a partial solution of the problem. That belief in itself will help to overcome difficulties. Improvement in Canadian business conditions is, I am convinced, largely due to the fact that people have been inspired with the idea that things are getting better. Men who have money—there are some such persons—are beginning to spend more freely and it is getting into wider circulation.

This Bill will not compel any province to work in harmony with the Federal Government, but I have hopes they all will consider it only right that the federal authorities should have some supervision over money granted for relief. Of course I am not suggesting that this supervision should take the place of the usual provincial audits. I recall that when the Dominion made the first grant for good roads it was provided that expenditure accounts should be submitted for inspection by Federal Government officials.

May I stress this point? The passage of the Bill will not mean that organizations which have been assisting the unemployed can now discontinue doing so. They cannot even lessen their activities. It is a difficult period for such bodies, because the demands upon them are much greater than before, while their receipts are in many cases much smaller, but it must not be imagined that this or any other legislation can relieve

organized groups or individuals of their duties. Indeed, my conviction is that private contributions will have to be increased rather than diminished. It has been said that they will be increased through taxation. That is true. But it is essential to any worth-while and permanent improvement in the unemployment situation that all organizations and private individuals continue their good work, for governments alone cannot do all that should be done. There is to be a commission, but let me tell honourable members that organizations supported by contributions of individuals are closer to the hearts of the people and in a better position to know what is needed than any Government commission can be.

In conclusion may I bespeak a fair trial for this measure? In these trying times people who have money must realize that it was given to them not to be looked at, but to be used, particularly when it can be used to help relieve distress among our fellow citizens.

Hon. Mr. DANDURAND: I verily believe, after going through this Bill and listening to my right honourable friend's comments, that it is quite simple and can be grasped thoroughly within a small compass of time. It seems to me that if my honourable colleagues would deny themselves the privilege of further discussion on the motion for second reading and would consent to allow the Bill to be examined clause by clause, either in Committee of the Whole at once or in the Banking and Commerce Committee, we could dispose of it in such a way as to free ourselves from the responsibility of carrying the measure over the Easter recess. True, I may be told that Royal Assent is fixed for half past five—only an hour distant; but we could come back this evening and pass the Bill, and in that event I should be ready to ask His Honour to return to this Chamber even at midnight to give Royal Assent.

My right honourable friend has expressed his views on the matter. I do not suppose that after running through the empowering clauses he would be disposed to strike them out or substitute other clauses. I feel we should have very little opportunity to amend the ten or twelve clauses either in Committee of the Whole or in the Banking and Commerce Committee, but we might dispose of the Bill. Then, even though it should be too late for Royal Assent, the Government could during the recess proceed to organize the commission and we could not be charged with paralysing efforts towards a solution of the problem. That is my suggestion.

Right Hon. Mr. MEIGHEN: I think our plain task is to go ahead with the Bill. I would not even suggest, much less urge, honourable members not to speak on this measure or devote to it all the attention they feel they can give it. We shall never have before us any legislation more important than this Bill, and I am ready to stay here throughout the night in order that we may get through, if we can without restricting the privileges or attempting in any way to abbreviate the duties of honourable members.

Hon. Mr. DANDURAND: Then if it is the view of the House that we give the Bill second reading, I would ask that we go into Committee of the Whole now.

Right Hon. Mr. MEIGHEN: I understood certain honourable gentlemen desired to speak to the Bill.

Hon. Mr. DANDURAND: I rose because I saw no one else rising.

Hon. J. A. CALDER: Honourable members, during the course of the debate reference has been made to the unemployment situation. There is no doubt at all that it is appalling, and I doubt very much whether anything we may do will materially alter the course of events. There is something back of it broader and deeper and bigger than this measure can take care of. The situation has grown out of something which still exists, and apparently it is as bad as or worse than it was before. While we have to do everything we can to alleviate the present condition, I doubt very much whether the Bill will be of great assistance in this direction. It has struck me during all these years that there is one main cause of all our difficulties, and we do not have to seek very far to find it. To my mind it is to be found in Europe. It grew out of the Great War. Our right honourable leader has referred to the destruction wrought by the War—the loss of manhood, of money, of property. But something else has happened since. Little by little until it has grown to a tremendous volume the spirit of extreme nationalism has sprung up. This is largely, if not entirely, owing to the fact that the people of Europe are still afraid of the war threat which hangs over it all the time and is inescapable.

What has been the result? Every nation in Europe has been striving with might and main to prepare itself for war. Those nations are determined not to be caught napping as they were in 1914; they are not going to be caught without food stuffs, without clothing, without all the other necessaries of life. As a result each nation has been endeavour-

ing in every way possible to make itself self-sustaining, and to this end has raised its tariff walls higher and higher and higher until international trade is brought almost to a standstill.

That is only one aspect of this nationalistic feeling. Where is all the money going that formerly would have been devoted to the purchase of our wheat and other products? We all know it is going into armaments. Italy probably is spending from $3,000,000 to $5,000,000 a day to prepare for war. What is France doing? Voting huge appropriations for armaments. What is Great Britain's present expenditure? She is not buying hams, cotton, linen, boots and shoes; she is pouring hundred of millions of pounds sterling into preparation for war. The world is not in a normal condition; that it what is wrong. Until the European tangle is straightened out and people resume the normal processes of life, this condition will continue. I know mankind generally are striving for peace, but until we remove the threat of war little improvement can be expected. Whether we like it or not, the buying power is not there in the countries of Europe, it is not here in Canada, and it is not elsewhere in the world. The people have not the wherewithal to buy, because that wherewithal is to a very large extent going into preparations for war.

Look at the situation to the south of us. The people there have spent billions of dollars in trying to grapple with unemployment, and it is about as bad to-day as when they started; perhaps worse. A short time ago we had before us the trade treaty with the United States. Do honourable members think the Government of the United States entered into that treaty voluntarily? No; they were forced to because of necessity. Extreme nationalism has closed the markets of the world to their products, and their warehouses are fairly glutted. They came here to try to get a little trade with us, as they are trying elsewhere throughout the world.

I mention these things merely to indicate that there is a world condition at the basis of unemployment. Until sensible people can get together and put an end to this world condition, we shall have to continue to struggle with the problem, and there will not be very much hope until it is solved.

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

Hon. Mr. CALDER.

CONSIDERED IN COMMITTEE

Hon. Mr. DANDURAND: Does my right honourable friend—?

Right Hon. Mr. MEIGHEN: I think this is a proper Bill for Committee of the Whole.

Hon. Mr. DANDURAND: All right.

On motion of Hon. Mr. Dandurand, the Senate went into Committee on the Bill.

Hon. Mr. Copp in the Chair.

Section 2 was agreed to.

Subsections 1 and 2 of section 3 were agreed to.

On section 3, subsection 3—fees:

Hon. Mr. COTE: I observe the salary of the commissioners is not fixed as is usual in statutes creating commissions of this kind.

Right Hon. Mr. MEIGHEN: A blank cheque!

Hon. Mr. COTE: It is a blank cheque. I was somewhat impressed by this paragraph in the Speech from the Throne:

> It is proposed to restore to Parliament its control over taxation and expenditure by ending all measures which have deprived members of the House of Commons of this control—

and so on. At that time I did not know exactly what was the purpose of the Government in making that profession of faith. I expected some statutes which we had been foolish enough to pass and which in some way derogated from the high functions of Parliament in controlling expenditures might be repealed. But in this subsection we find the very sort of thing which the declaration in the Speech from the Throne seemed to be directed against.

Right Hon. Mr. MEIGHEN: It is a new monster.

Hon. Mr. COTE: Yes, a blank cheque. The fees or compensation of the seven commissioners are left to be fixed at the discretion of the Governor in Council. Surely that is not right. Some reasonable limitation should be placed on the amount. I move the following amendment:

> That after the words "services" the words "as the Governor in Council may from time to time determine" be stricken out and the following words substituted: "not exceeding in all $25,000."

Hon. Mr. HARDY: That would be less than $4,000 apiece.

Hon. Mr. COTE: The directors of the Canadian National Railways were in receipt of only $2,000 a year.

Hon. Mr. HARDY: They never did any work.

Hon. Mr. COTE: If the honourable leader of the Government will indicate what he thinks should be a reasonable amount, I am quite willing to amend my motion accordingly. I thought offhand that $25,000 would well pay the chairman and his satellites, who obviously would be satisfied with a smaller amount. I do not think we should pass this subsection without imposing a limitation on the compensation to be paid the commissioners.

Hon. Mr. DANDURAND: I am not ready to accept the suggestion of my honourable friend. Either the fee may be small if we can succeed in getting dollar-a-year men, or it may be commensurate with the value of the high-class men who would be called upon to sit on the board. I would direct attention to section 12:

All Orders in Council and regulations made under the provisions of this Act shall be laid before the House of Commons forthwith after the making thereof if Parliament is then sitting, and if not, within fifteen days after the opening of the next ensuing session.

This is the control which Parliament reserves to itself. I surmise that no one with knowledge of the duties which the commission would be called upon to perform would be able to fix the remuneration in advance.

Hon. Mr. COTE: Disclosure of expenditure is hardly control.

Right Hon. Mr. MEIGHEN: This is really amusing. The honourable leader of the House says that the "blank cheque" here is all right, because we do not know what we shall have to pay. We may get men for a dollar a year, or we may have to pay them a large sum. He says it is all right for the additional reason that the Bill provides that after the salaries are fixed Parliament must be advised within fifteen days. Let honourable members recall the awful legislation against which a campaign was fought, and which, if it had not been thwarted in time, according to the honourable gentleman opposite and his friends, would have over-topped the whole Constitution of Canada, smothered the rights of the people, paralysed the House of Commons. Everything he has said about this legislation could be said about that.

Hon. Mr. DANDURAND: The right honourable gentleman does not see the difference between throwing the treasury wide open to the Government and fixing salaries.

Right Hon. Mr. MEIGHEN: It is different only in the matter of size.

Hon. Mr. DANDURAND: Ah!

Right Hon. Mr. MEIGHEN: In the case of the other legislation there was vastly more reason for throwing open the treasury than there is now, but the only matter with respect to which no limit was imposed was relief. Nobody could tell what drought there would be in Alberta, Saskatchewan or Manitoba, or what scourge might follow in the Maritimes. Nobody could say whether there would be an extension or a reduction, yet it was argued then that if a limit were not fixed the whole Constitution would be wrecked. Now anybody can fix the maximum with the utmost ease; it is no trouble at all. The honourable gentleman said then there was nothing but a wild guess. Now he says, "But Parliament is to be told"—the very provision which was contained in the other Bill. Oh, what humbug we have in politics!

Right Hon. Mr. GRAHAM: Hear, hear.

Hon. Mr. MURDOCK: I think we will all agree that this commission, if it is to perform the functions allotted to it by this Bill, will have to carry on some research. We have had a distinct reference to the consistent and proper salary to be paid to the Chairman of the National Research Council. The distinguished gentleman who constituted the late Government set it at $12,000 a year. I think it is too much, but the figure has been set.

Right Hon. Mr. GRAHAM: I think he was moderate.

Hon. Mr. MURDOCK: Perhaps. But if this new commission is going to do anything it will have to make research into every question confronting the people of Canada to-day with respect to unemployment relief. Is there any honourable senator in this House who will say that if the very best and most experienced and capable man in any position in Canada can be secured to act on this commission he would not be worth whatever it would reasonably cost to get him? The honourable senator (Hon. Mr. Coté) proposes that the maximum salary shall be $3,550 a year.

Right Hon. Mr. MEIGHEN: The average.

Hon. Mr. MURDOCK: I understand that would include fees and allowances. You would not be able to get good labourers for that.

Hon. Mr. COTE: Fees or compensation.

Hon. Mr. MURDOCK: Let us say fees. I am quite sure that my honourable friend (Hon. Mr. Coté), as a very capable lawyer, would not think of working for any such fee; nor would any other gentleman in his class.

Right Hon. Mr. GRAHAM: Nor would a senator, for part time.

Hon. Mr. MURDOCK: Nor would a senator. I am not disagreeing with the idea that, within reason, the fees should be fixed; but should they not be largely dependent upon the class of person it will be possible to get? For instance, what fees are being paid to the Board of Trustees of the Canadian National Railways appointed by the late Government?

Right Hon. Mr. MEIGHEN: The salaries are fixed.

Hon. Mr. MURDOCK: Yes. And one of the Board is doing what? He is working for a dollar a year.

Right Hon. Mr. MEIGHEN: Yes. He refused to take the money.

Hon. Mr. MURDOCK: He is working for a dollar a year. In other words, the Government secured his services—very capable and distinguished services in his line, I understand—for one dollar a year because he is willing to make a public contribution of the effort necessary in the position.

Right Hon. Mr. MEIGHEN: But the maximum salary is fixed in the legislation. Why not here?

Hon. Mr. MURDOCK: And what was it? Thirty thousand dollars a year?

Right Hon. Mr. MEIGHEN: Oh, no.

Hon. Mr. MURDOCK: Thirty thousand dollars a year for the chairman. I do not think it should be necessary to go so far in this case, but surely, in the situation that confronts Canada as a whole, you are going to give the Government an opportunity to get the best men possible and to exercise reasonable judgment as to the salaries to be paid them.

As regards a blank cheque, surely that is different from voting $50,000,000 to do whatever may be necessary. If the honourable gentleman were to suggest something consistent and logical, having regard to the salary of $12,000 paid to the Chairman of the Research Council, and of $30,000 for the Chairman of the Canadian National Railways—not forgetting the man who is receiving only one dollar a year—I should be glad to support him. But the Government should not be hog-tied.

Hon. Mr. DANDURAND: I am informed that the Minister of Finance intends to indicate the salaries in the supplementary estimates that are to be laid before Parliament.

Right Hon. Mr. MEIGHEN: The same thing was done in the case of the Relief Act.

Right Hon. Mr. GRAHAM: Not individually.

Right Hon. Mr. MEIGHEN: It was in the Relief Act.

Hon. Mr. ROBINSON: Is it not provided that the compensation, no matter what it is, cannot be paid unless it is voted by Parliament?

Right Hon. Mr. MEIGHEN: That is right—exactly as it was in the Relief Act, which was going to upset the Constitution.

Hon. Mr. GRIESBACH: What has the Government in mind as to the type of men to be secured? Is it proposed to put this commission on a patriotic basis with a view to getting prominent men to offer their services free, except for their travelling expenses and so on, or is it the intention to find seven men eminent in this sort of work and pay them a living salary? The number being fixed at seven, it would appear that the Government had in mind the selection of patriotic men to serve at a dollar a year.

Hon. Mr. DANDURAND: My honourable friend knows that in the case of the Board of Trustees of the railways one man is expected to serve at one dollar a year. Who the men are that will be asked to join this commission I do not know, but I could readily suggest the names of one or two who have had considerable to do with employment, and who, if they could afford it, would for patriotic reasons give their time for nothing. I do not know how the commission will be formed. We are all agreed, however, that unemployment is the most stupendous problem that faces us. Under this Bill it is the intention to mobilize from the Atlantic to the Pacific all men who are capable of helping.

My right honourable friend (Right Hon. Mr. Meighen) has spoken of the constitutional limits; but, as my right honourable friend to my right (Right Hon. Mr. Graham) has said, a considerable effort will be made towards co-operation. No one is standing on his legal or constitutional rights. We all recognize that in a financial sense our federal and provincial treasuries have been bleeding freely, and we join in the hope that much good may be accomplished through co-operative efforts under this Bill.

Hon. Mr. GRIESBACH: The point I am making is that this body will be in no sense comparable to a corporation like the National Railways, for example. One can understand the payment of many thousands of dollars a year to the chief executive of that great

concern, which is engaged in a competitive business. What I want to ascertain is the policy the Government intends to follow in appointing the personnel of this commission. If they are to be paid for full-time service as executives of a great organization, three members are ample. On the other hand, if men of high capacity are to be enlisted or conscripted for this work, and to make their services available on a patriotic basis, being paid no more than their travelling expenses, then one can understand the Government's desire to have a commission of as many as seven members. Can the honourable leader tell us what the Government has in mind?

Hon. Mr. DANDURAND: I can only say to my honourable friend that we have not yet reached a point where we know just who will be chosen. There are a number of highly qualified men who would not be able to spare the time necessary to be devoted to the duties of a commissioner. Because we are facing such a problem we should be able to appeal to the patriotism of men of ability and experience, but we do not know just who will be able to respond to that appeal.

Hon. Mr. MURDOCK: Unquestionably the seven members will be paid a fair wage, regard being had to the work that will have to be performed.

Hon. Mr. GRIESBACH: I should be glad to accept the statement of my honourable friend, but he is not the leader of the Government.

Hon. Mr. MURDOCK: In this situation there is not the justification for employing dollar-a-year men that there was in connection with patriotic undertakings during the War.

Hon. Mr. ROBINSON: I cannot yet understand this thing, because all the money has to be voted by Parliament.

Right Hon. Mr. MEIGHEN: The honourable gentleman is right. And the money had to be voted by Parliament under the Relief Act.

Hon. Mr. GRIESBACH: If we support the amendment we shall be dictating the policy that the Government must follow in appointing the personnel of the commission. I think before we vote on it at all we should have some definite information as to what the Government intends to do. If, as the honourable gentleman from Parkdale (Hon. Mr. Murdock) suggests, the commissioners are to be paid the value of their services, the sum to be allowed should be at least $100,000. If we limit it to the amount stated in the amendment we shall be restricting the Government's field of action, and I am not prepared to do that before we know more about the matter.

Hon. Mr. CALDER: We shall know when we get the Supply Bill, because it will contain the amount necessary to pay the salaries of the commissioners.

Hon. Mr. GRIESBACH: But if we pass this amendment it will override the amount stated in the Supply Bill.

Hon. Mr. HARDY: In dealing with a Bill that contemplates the spending of millions and millions of dollars, is this Chamber going to take up its own time, to say nothing of the time of another Chamber, in discussing the comparatively paltry sum of $25,000?

Right Hon. Mr. MEIGHEN: I do not care whether the amendment goes in or not.

As to the point mentioned a moment ago by the honourable senator from Moncton (Hon. Mr. Robinson), with which I quite agree, may I say that there never was so much utter nonsense expressed about anything as about the so-called "blank cheque."

The honourable gentleman from Leeds (Hon. Mr. Hardy) is wrong in saying that the Bill contemplates the spending of millions of dollars.

Hon. Mr. HARDY: I mean on all the works in connection with it.

Right Hon. Mr. MEIGHEN: No. There will be no works operated by the commission. Its sole duty will be to think. But, mind you, thinking is a very important activity, and should be paid for.

Hon. Mr. DANDURAND: I would ask the honourable gentleman to withdraw his amendment.

Hon. Mr. COTE: I should have been glad to stipulate in my amendment whatever amount the honourable leader of the Government thinks is reasonable. He does not see fit to state any amount, though, and asks me to withdraw the amendment. I am disposed to accede to his request. But I do not feel that I have been responsible for any loss of time by this House, as the honourable senator from Leeds suggested a moment ago. It is obvious that I took too seriously the statement in the Speech from the Throne that there would be no more measures depriving Parliament of its control over the voting of money. I was mistaken, and in the circumstances I withdraw my amendment.

The amendment was withdrawn.

Subsection 3 of section 3 was agreed to.

Subsections 4 and 5 of section 3 were agreed to.

Hon. Mr. DANDURAND: The House of Commons has just sent over a Supply Bill, which I should like to have dealt with now. I therefore move that the Committee rise and report progress.

Progress was reported.

APPROPRIATION BILL No. 2

FIRST READING

A message was received from the House of Commons with Bill 47, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1936.

The Bill was read the first time.

SECOND READING

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

He said: Honourable members, I may be pardoned if I try to find inspiration from the preamble:

Whereas it appears by message from His Excellency the Right Honourable Baron Tweedsmuir of Elsfield, etc., etc., Governor General of Canada, and the estimates accompanying the said message, that the sums hereinafter mentioned are required to defray certain expenses of the public service of Canada, not otherwise provided for, for the financial year ending the thirty-first day of March, one thousand nine hundred and thirty-six, and for other purposes connected with the public service.

The amount is $51,167,229.11.

Right Hon. Mr. MEIGHEN: That is an appalling sum.

Hon. Mr. DANDURAND: I will give the principal items. My right honourable friend must remember that these are expenditures of the late Government.

Right Hon. Mr. MEIGHEN: I am afraid many of them were made after the 14th of October.

Hon. Mr. DANDURAND: We shall see. Under Legislation, House of Commons, there is a total of $48,703.89.

Under Railways and Canals, I find chargeable to capital, Welland Ship Canal, $173,521.24.

Right Hon. Mr. MEIGHEN: Will my honourable friend tell me whether that payment was agreed to be made after October 14?

Hon. Mr. DANDURAND: I do not know.

Right Hon. Mr. MEIGHEN: I do.

Hon. Mr. COTE: Then why ask the question?

Hon. Mr. DANDURAND: Under Railways and Canals, Deficit of Canadian National Railways, there are the following items:

Canadian National Railways, excluding Eastern Lines	$41,795,757 24
Eastern Lines, excluding Prince Edward Island Car Ferry and Terminals	5,265,373 20
Prince Edward Island Car Ferry and Terminals	360,334 36
Total	$47,421,464 80

Under Public Works, Chargeable to Income, I find the following:

Ottawa Public Buildings and Grounds	$2,000

Marine Department:

River St. Lawrence Ship Channel Dredging	$ 511,401 76

I would remind my right honourable friend that this expenditure is for last year. There has been no dredging this winter.

Under Miscellaneous come these items:

Loan to the Harbour Commissioners of Montreal	$ 52,000
Amount required to provide for grant to be made to the province of British Columbia	750,000

Right Hon. Mr. MEIGHEN: That is lately too.

Hon. Mr. DANDURAND: There are several other items. I will give those above $5,000:

Loan to Three Rivers Harbour Commissioners	$444,000
Loans to Halifax Harbour Commissioners	455,000
Amount required for payment to Quebec Harbour Commissioners	515,000
Railways and Canals, Hudson Bay Railway	$ 20,000

Right Hon. Mr. MEIGHEN: I am afraid the days of economy are indefinitely postponed again.

Hon. Mr. DANDURAND: No; this is a liquidation.

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

THIRD READING

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

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

NATIONAL EMPLOYMENT COMMISSION BILL

FURTHER CONSIDERED IN COMMITTEE

The Senate again went into Committee on Bill 14, an Act respecting the establishment of a National Employment Commission.—Hon. Mr. Dandurand.

Hon. Mr. Copp in the Chair.

Sections 4 to 8, inclusive, were agreed to.

On section 9—women's employment committee; youth employment committee; honorary local advisory committees:

Right Hon. Mr. MEIGHEN: Mr. Chairman, I call the attention of honourable members to section 9:

(1) The Minister may appoint, from among the members of the committee, a special committee to be designated as the "Women's Employment Committee" to investigate and report upon measures and means to aid unemployed women to secure employment in industry and commerce.

(2) The Minister may appoint from among the members of the advisory committee a special committee to be designated as the "Youth Employment Committee" to investigate and report upon measures and means in respect to the employment of youth.

(3) The commission with the approval of the Minister may appoint honorary local advisory committees composed of persons resident in any locality willing to aid the commission in carrying out its duties.

It is pretty hard to take such stuff as that seriously.

Hon. Mr. DANDURAND: My right honourable friend knows that in a movement of these dimensions we can secure a number of patriotic persons who will give excellent service. He was closely connected with the Patriotic Fund, as I was myself, and he will recall that admirable work was done by the women of Canada.

Right Hon. Mr. MEIGHEN: Certainly; because there was work to do. All these people have to do is think, and here you solemnly legislate and say that the Minister may pick out from those seven members three who will be able to think about the employment of women and three more who will be able to think about the employment of youth.

Right Hon. Mr. GRAHAM: Is that out of the commission or the advisory committee?

Right Hon. Mr. MEIGHEN: The first three are from the committee itself; the second three from the advisory committee. I suppose it is the same thing called by a different name.

But what difference does it make? This is all one problem, and to imagine that there are certain inidividuals who will be capable of thinking out how to report about the employment of women, and other individuals who will be able to think out how to report about the employment of youth is a little too much. If you wanted to expose this Bill as just show-window legislation designed for effect, or in other words, statutory hot air, you could not do it better than it is done in clause 9.

Right Hon. Mr. GRAHAM: I would call my right honourable friend's attention to the fact that notwithstanding the pricking of my conscience I have many times helped him pass legislation of this kind.

Hon. Mr. DANDURAND: If things turn out unsatisfactorily, the right honourable gentleman may get a good deal of pleasure out of it.

Right Hon. Mr. MEIGHEN: No. No man can get pleasure out of unemployment.

Hon. Mr. DANDURAND: No, but the right honourable gentleman may enjoy himself by pointing to this legislation and to his criticism of it when it passed this House. We shall all be wiser after the event. Now we are simply asking to be allowed to try this method. Next year we shall see how it has worked.

Right Hon. Mr. MEIGHEN: What I am complaining of is that it is really not serious. This is just eye-wash. Although I do not think you need a commission to do it, I believe serious-minded men can secure some ideas and report upon the general problem; but this clause, dividing the work in such a way as to show the public that you are thinking about youth and about women, has only one purpose in the world.

Hon. Mr. DANDURAND: I do not think it was the Government that suggested this subdivision. I think it came from the House of Commons by way of amendment.

Right Hon. Mr. MEIGHEN: It was in that form in the first Bill I got—

Hon. Mr. DANDURAND: Perhaps so.

Right Hon. Mr. MEIGHEN: —and, having had some association with politics in this country for many years, I have a shrewd suspicion as to who the father of such a clause would be.

Hon. Mr. MACDONELL: What will the members of these committees be paid?

Hon. Mr. MURDOCK: The Bill says they shall get no pay.

Hon. Mr. MACDONELL: I was asking the leader of the Government.

Hon. Mr. MURDOCK: I shall read it to you.

Hon. Mr. MACDONELL: I did not ask you at all.

The CHAIRMAN: Order!

Section 9 was agreed to.

Sections 10 to 12, inclusive, were agreed to.

The preamble and the title were agreed to.

The Bill was reported.

Hon. Mr. DANDURAND: I wish to thank the Senate for dealing with this Bill so expeditiously.

Right Hon. Mr. MEIGHEN: There is one amendment which should be made as a mere matter of English. It would never do to have the word "to" at the beginning of subclause (j) of section 6. Even if there is no substance, let us have correct English.

Hon. Mr. DANDURAND: I shall simply ask the Clerk to strike out the word "to."

Hon. Mr. LACASSE: Like many other things, it is superfluous.

THIRD READING

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

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

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Sir Lyman P. Duff, 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 Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act to amend the Dominion Franchise Act.

An Act to repeal the Economic Council of Canada Act, 1935.

An Act to provide for the deduction from compensation in the Public Service.

An Act to amend the Income War Tax Act (Special Tax).

An Act respecting a certain Trade Agreement between Canada and the United States of America.

An Act respecting the Toronto Harbour Commissioners.

An Act to amend the Soldier Settlement Act.

An Act to assist the Province of Saskatchewan in financing the cost of seed and seeding operations for the crop year 1936.

An Act respecting the establishment of a National Employment Commission.

An Act to provide for the payment of certain sums of money to primary producers of wheat with respect to wheat of the 1930 crop delivered to provincial pool organizations.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1936.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.

The Right Honourable the Deputy of the Governor General was pleased to retire, and the House of Commons withdrew.

The sitting of the Senate was resumed.

EASTER RECESS

Hon. Mr. DANDURAND: Honourable members, I move that when the Senate adjourns to-day it do stand adjourned until Tuesday, April 28, at 8 p.m., daylight saving time.

The motion was agreed to.

The Senate adjourned until Tuesday, April 28, at 8 p.m., daylight saving time.

THE SENATE

Tuesday, April 28, 1936.

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

Prayers and routine proceedings.

ADDRESSES TO THEIR MAJESTIES

ACKNOWLEDGMENT FROM THE KING

The Hon. the SPEAKER read to the Senate the following message from His Majesty the King:

Buckingham Palace.

Members of the Senate and of the
House of Commons of Canada:

I thank you sincerely for your kind message of sympathy with me on the death of my dear father and for the moving tribute which you pay to his memory. His example will ever be my guide and my encouragement in the task which lies before me.

I deeply appreciate your assurances of loyalty and devotion to me on my accession to the Throne. Under Divine Providence, it shall always be my earnest endeavour to promote the happiness and to protect the liberties of all my peoples.

Edward R I.

7th April, 1936.

ACKNOWLEDGMENT FROM QUEEN MARY

The Hon. the SPEAKER also read to the Senate the following message from Her Majesty Queen Mary:

Buckingham Palace.

Members of the Senate and of the House of Commons of Canada:

I am deeply touched by your kind words of sympathy with me in my great loss. I have been comforted and strengthened at this sad time by the knowledge that my sorrow is shared by all the peoples of the Empire.

I thank you from my heart for your affectionate message.

Mary R.

7th April, 1936.

IMPORTS OF COAL INTO CANADA

RETURN

On the inquiry by Hon. Mr. Tanner:

1. What were the quantities (1) anthracite coal; (2) bituminous coal; (3) coke, received in Canada from (a) United States; (b) the United Kingdom; (c) Russia; (d) Germany; (e) other countries, respectively, in each of the years 1921 until 1936, inclusive?

2. What was the rate of customs tariff duty charged against such imports in each of the years of the period mentioned in question 1?

Hon. Mr. DANDURAND: I would ask my honourable friend to change his inquiry to an order for a return, and I table the return forthwith.

The inquiry was passed as an order for a return.

INDIAN BILL

FIRST READING

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

The Bill was read the first time.

MOTION FOR SECOND READING

Hon. Mr. DANDURAND: As there is nothing on the Order Paper for to-morrow, I would ask leave to have this Bill put down for second reading then. If there are any objections at that time, the second reading can be postponed until Thursday.

Right Hon. Mr. MEIGHEN: I have no objection to the Bill coming up for second reading to-night. It is an awful caricature of draftsmanship.

Hon. Mr. DANDURAND: Then it is all the more necessary that I should read it over before moving the second reading.

The motion for second reading was placed on the Order Paper for to-morrow.

CUSTOMS BILL

FIRST READING

Bill 11, an Act to amend the Customs Act. —Hon. Mr. Dandurand.

UNEMPLOYMENT RELIEF AND ASSISTANCE BILL

FIRST READING

Bill 19, an Act to assist in the relief of Unemployment, the promoting of Agricultural Settlement and Rehabilitation, and in the Development, Conservation and Improvement of certain natural and other resources. —Hon. Mr. Dandurand.

OTTAWA AGREEMENT BILL

FIRST READING

Bill 54, an Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.—Hon. Mr. Dandurand.

MOOSE RIVER MINE RESCUE

Before the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable members of the Senate, I feel it to be my duty to refer this evening to an incident which occasioned great anxiety and emotion throughout the land—perhaps I should say throughout the world—namely, the entombment of three Canadians in a Nova Scotia mine. Seldom have the thoughts of all Canadians, in fact of all people who were apprised of what was going on, been focussed on any incident with such concern as was evinced in the progress of the work of rescue, which we all followed closely from day to day. What characterized the whole affair was the courage displayed by the miners who gathered from far and wide—not only from various parts of the Maritime Provinces, but also from Ontario —to try to save their unfortunate fellow men entombed in the bowels of the earth. From morning until night and from night until morning, one squad after another worked with all their might and main, and at the risk of their lives forged constantly ahead to reach the victims of the tragedy.

Because of my interest in mines in the Maritime Provinces, I have had occasion to see miners of Stellarton, Cape Breton and other parts of Nova Scotia at work, and have gone down a considerable depth below the surface. My first experience of walking a mile or so underground and hearing cracking noises overhead left me, I confess, in a somewhat tremulous condition.

The rescuers at Moose River were naturally accustomed to working underground. I was not surprised at the zeal, the courage and the vigour with which they entered into the task of saving the victims. All credit must be given to those rescuers. They have been universally applauded, and I think it is appropriate to say of them all, those from Ontario as well as those from the Maritimes, what Sir Wilfrid Laurier often used to say of the people of Nova Scotia, that really they are the salt of the earth.

Right Hon. ARTHUR MEIGHEN: Honourable members, even in the darkest days of the War we never witnessed an incident which concentrated the attention and warmed the emotions of the whole Dominion, and spread its influence and generated anxiety throughout the whole world, to such a degree as did the recent incident in Nova Scotia. It is an example to us, first of all, of the tremendous and in this case vital value of a well-preserved physique and a high intelligence in time of danger.

Hon. Mr. KING: Control.

Right Hon. Mr. MEIGHEN: It was really mastery of self and ability to summon the best in the hour of great peril which enabled those entombed men to survive.

The other lesson which the incident teaches us is that courage and great power of sacrifice in most distasteful and perilous surroundings find never a higher illustration than in the man in overalls. Nor should we forget that though in this case special demands were made upon him and a vast amount of attention was focused upon his work, the miner is never far from peril. Danger is his constant companion in life.

DIVORCE AND REMARRIAGE BILL

MOTION FOR SECOND READING POSTPONED

On the Order:

Second reading of Bill C, an Act respecting the remarriage of certain divorced persons.—Hon. Mr. Hughes.

Hon. J. J. HUGHES: Honourable senators, the honourable gentleman from Winnipeg (Hon. Mr. McMeans) has written me and other members of this House stating that he wished to be present when the motion for second reading of this Bill was made, and to speak upon it, but that he had contracted a serious cold and could not get here until next week; so he would like to have the motion postponed until then. I desire to comply with his request, and therefore move that the Order be discharged and placed as the first item on the Order Paper for Wednesday, May 6.

Right Hon. Mr. MEIGHEN: May I make a suggestion? I have no special reason for doing so, but the honourable leader of the Government will understand my point. The honourable senator from King's (Hon. Mr. Hughes) might give us his speech in favour of the second reading this evening and move the adjournment of the debate. That would advance the debate some distance and prevent its being unduly delayed; and I think it would meet with the desire of the honourable senator from Winnipeg.

Hon. Mr. HUGHES: I had thought that the House would approve of my complying with the request of the honourable senator from Winnipeg, and I did not prepare myself to go on this evening. It might appear discourteous to my honourable friend who wrote me, if I were to proceed in his absence.

The motion was agreed to.

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

THE SENATE

Wednesday, April 29, 1936.

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

Prayers and routine proceedings.

BRITISH NORTH AMERICA ACT—AUTHORITY TO AMEND

INQUIRY AND DISCUSSION

Hon. GEORGE LYNCH-STAUNTON rose in accordance with the following notice:

That he will draw the attention of the Senate to, and inquire of the Government, whether it is the intention of the Government to take steps to have legislation passed by the Imperial Parliament to the end that the Parliament of Canada shall have the authority to from time to time amend the British North America Act as it may deem proper.

He said: Honourable members of the Senate, the purpose of my inquiry is to provoke, if possible, a discussion of this momentous question which, if it is not in the minds of the people, is occupying the attention of the statesmen and politicians of this country. One of the witnesses who appeared before the special committee appointed by the House of Commons last session to inquire into and report upon the possibility of amending the British North America Act expressed the

opinion that nine-tenths of the people of Canada knew nothing about the Act, and had no notion at all of what our Constitution was. I can quite believe that, because in Canada there is no public opinion on anything political which does not directly affect the pockets of the electorate.

We have had no political education in this country. Politics, like religion, in Ontario at least, are taboo in our public schools and our clubs. I recall that there was a terrible hullabaloo when young Winston Churchill addressed the students of one of our public schools. It was said to be a shocking thing that any man should endeavour to instill into the minds of the rising generation anything about politics. As the youth of Canada are not taught either the civil or the political history of England or Canada, they grow up without curiosity regarding any subject beyond the earning of their daily bread.

I saw in the Globe only on Monday a letter from a lady in Richmond Hill, Ontario, which stated:

> In connection with the meetings of the Ontario Educational Association, I wish to call attention to the fact that English (or, as it is generally called now, British) history is no longer a subject included in the high school entrance examination nor in the matriculation examinations (junior and senior). In the public schools the children take it up in the junior fourth class, but not in the senior fourth (entrance). There can be no good reason for this.

My personal experience of the public schools is that we were never taught anything of the history of Canada except that Jacques Cartier came up the St. Lawrence river.

I am making this address because I think it would be well for the Senate to try to provoke some discussion of this question: Is it wise or necessary to seek to amend or repeal the British North America Act? The Act was passed to confederate four provinces, which prior to their union had enjoyed absolute legislative sovereignty within their respective territories. They had all the legislative power and authority now divided between them and the Federal Parliament. They agreed to create a new state, the Dominion of Canada, and to surrender to the central Government all the legislative powers having to do with the peace, order and good government of that new state. But for themselves they retained all powers with regard to local affairs, generally speaking. And so through the British North America Act they gave to the Dominion Parliament all powers affecting Canada as a whole, and no more. The status of the combined Dominion and provinces was not changed. They stood exactly where they had stood before, and there has been no legislation in the meantime to take us one step farther towards what are now called sovereign rights.

Canada belonged to Great Britain by conquest and cession. After the conquest the French Government ceded to Great Britain the territory then known as Canada, and by international law Great Britain thus obtained complete sovereignty over this country. She has never by any Act diminished that sovereign control. I am not speaking now of legislative power, which she has delegated to us. I recognize that we have full legislative sovereignty, in fact complete home rule.

Some years ago the late John S. Ewart started in his Kingdom Papers propaganda aimed at achieving independence of the Imperial Government and obtaining what one gentleman described as absolute sovereign power. Mr. Ewart was affected with the Imperial inferiority complex. He could not bear to think of Canada as a nation owing allegiance to any power on earth; he conceived of it as answerable in the matter of government to God alone. A number of our statesmen, our Disraelis, our Gladstones, our Pitts and our Chathams, caught that same dread disease from Mr. Ewart. They would tolerate a king so long as they were viceroys over him. And they are forever notifying the world that we are not a British Dominion, but a commonwealth, a nation free and independent; that they have the power to make or mar the future of this country according to their own goodwill or stupidity.

One of the members of the committee to which I am going to refer in a moment or two, speaking of the Statute of Westminster a few years ago, said:

> This Act completes the efforts of our parliamentarians to assure to Canada the status of a sovereign state. Henceforward Canada will be free from any political and legislative control. England cannot bind Canada by any legislation or any treaty. Canada may, when she wishes, amend her Constitution and abolish the appeal to the Privy Council.

I do not think that gentleman had read the charter of our liberty, the British North America Act. The Statute of Westminster confers no new powers on us, gives us no new status, leaves us where we were—and, please God, there we shall remain. This is the clause of the Statute of Westminster which they cite:

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

Does this mean any more than that the Imperial Parliament will not in future pass

laws regarding the Dominions unless requested by the Dominions to do so?

The Imperial Parliament has also promised that it shall not veto or disallow any statute passed by the Dominions. I believe that since Confederation one or two of our statutes have been held up, but not since I have known anything about politics. To gratify the vanity of these statesmen, England says: "Well, we will promise not to do what we are not going to do; we will not pass any laws affecting the Dominions." That is all the statute amounts to.

The House of Commons a year ago passed this resolution:

That, in the opinion of this House, a special committee should be set up to study and report on the best method by which the British North America Act may be amended so that while safeguarding the existing rights of racial and religious minorities and legitimate provincial claims to autonomy, the Dominion Government may be given adequate power to deal effectively with urgent economic problems which are essentially national in scope.

The resolution is overwhelmed with nouns and adjectives, but the language does not convey to us any idea that it was intended to obtain from the Imperial Parliament the independent right to amend the British North America Act as our Parliament saw fit. The whole object of the inquiry, on the face of it, was to find out what was the most convenient method to follow in amending the British North America Act for specific purposes. It is quite clear that that was a useless inquiry, since no man can devise any amendments to the British North America Act which will give to the Dominion Parliament any greater power than it now has respecting national questions.

Fortunately, when preparing my argument I read a copy of this report, and I find that Mr. Edwards, the Deputy Minister of Justice, has elucidated this matter much better than I can; so I shall read what he said before the committee. It will be found at page 2 of the report. This is his statement:

In the first place, I observe that the resolution itself is in somewhat narrow terms. The duty of the committee is to study and report on the best method by which the British North America Act may be amended so that while safeguarding the existing rights of racial and religious minorities, and legitimate provincial claims to autonomy, the Dominion Government may be given adequate power to deal effectively with urgent economic problems which are essentially national in scope.

I pause here to draw the attention of honourable members to the fact that the committee was formed not to inquire how the British North America Act might be amended so as to take from the provinces any power or to add to the Dominion any authority. Its inquiry was to be directed only to urgent economic problems essentially national in scope.

It will be observed that the purpose is to enable this Parliament to deal effectively with urgent economic problems which are essentially national in their scope. Well, in my view, problems of that kind are now within the competence of Parliament under the British North America Act as it stands. A good deal has been said about the failure of the Fathers of Confederation to anticipate the necessity which might arise for the amendment of the Constitution. Personally I do not think that they failed to anticipate such necessity; but I think they deliberately framed the Constitution so as to make it subject to expansion by its own terms as the needs and as the problems of the country developed. In some of the self-governing Dominions and in other countries where a federal system prevails, there are fixed provisions for the amendment of their Constitutions; but in most, if not all, of those countries, their Constitutions are not similar to ours in this respect, that the residuary powers rest with the state and not with the central authority as it does in Canada. Therefore I think that the Fathers of Confederation deliberately provided a scheme whereby all matters that are essentially national in their scope would be within the exclusive competence of Parliament. They did that by vesting in the Dominion Parliament the residuary power, and in giving to the provinces their legislative powers they were very careful to make it clear that the legislative jurisdiction of the province was not, in any case, to extend beyond matters and rights situate in the province itself, matters of purely provincial or local concern.

Now, if that is a correct exposition of the law—and to my knowledge no one has ever questioned it—it has always been taken for granted that the Dominion Parliament had absolute sovereign legislative power within the Dominion regarding Dominion affairs, and there is nothing to amend. Those who want to make this an independent country, to hide their intent, have been for ever harping on the statement that modern conditions have so changed the world that we need to amend the British North America Act. So long as we live up to the spirit of Confederation, so long as we do not endeavour to violate the contract that was made among the provinces, the creature should never have power to amend itself; it must be amended by the consent of the creators. That is now recognized. It is recognized, I see, by my right honourable friend from St. Mary's (Right Hon. Mr. Meighen), and it was recognized by Lord Sankey in the Aerial Navigation case, that Confederation is a contract, that the provinces gave over to the Dominion the necessary powers, and only the necessary powers, to rule them, and that we are one of

the Dominions and not an independent commonwealth.

Before the committee one of the members argued that His Majesty is now King of Canada. What did he mean by that statement, and what do those who accept it mean? That His Majesty was like his forefather George I, who while King of Great Britain and her Dominions was also Elector of Hanover. There is a clear-cut case. There were two separate sovereignties, both having the same king, like two independent companies both having the same president. No man ever pretended that Hanover was a part of the British Empire. It was just by chance that the same man was Elector of Hanover and King of England. Now, the purpose of that assertion is to produce in the minds of the people the impression that "the King is King of Canada," not because he is King of Great Britain, but quite independently of that fact.

Let us see how much truth there is in that assertion. He can never be made King of Canada by the British Parliament until that Parliament repeals the Acts of Settlement and other statutes passed in the time of William and Mary. Those statutes declare that the kings were the sovereigns of the United Kingdom, of France, Ireland, and the Dominions of the British Empire. So the title which His Majesty has to kingship over this country is his not as King of the Dominion of Canada or King of the Province of Ontario, but as King of the British Dominions. Quite a different thing! When the Lords and Privy Councillors went on their knees before King Edward they attorned to him as King; they did not make him King. He became King of England and the dominions of England from the moment the breath was out of his father's body. "The King is dead. Long live the King!" There is no authority giving His Majesty any right to rule over this country except as it is contained in the laws passed in the time of William and Mary, when it was declared and proclaimed that he was King of Great Britain, Ireland, France and the British Dominions. So he is not King over this country as an independent nation, but King over Canada as a British Dominion.

I have now, so far as I am able, argued in support of the contention that this is not an independent nation; that it is part and parcel of the British Empire; and that the use of the words "Commonwealth of Nations" is utterly without authority.

If my argument is true—and I am going to assume that it is—then what was this committee set up for? The whole of the proceedings show that it was to devise some way by which we should get free from all British allegiance. One of the members of the committee said, thereby exhibiting his inferiority complex, that it was subservience to appeal to the Privy Council. Notwithstanding that there is said to be nothing new under the sun, that proposition was absolutely new as far as I know. There is in Europe, at The Hague, a court to which the nations of the world appeal, and in appealing to it they do not think they are performing an act of subservience. I had never heard such an argument until some diseased minds in this country advanced the idea that to appeal to foreigners, members of a foreign state, for the settlement of a dispute between me and somebody else was an act of subservience. I think the dictionary definition of subservience needs amending.

Another member of the committee said that we should have a constituent assembly to frame a constitution for us. Still another said that we would never allow a British member of Parliament to interfere in the settlement of our constitution. There was only one man, Mr. Edwards, who confined himself or referred to the subject of the resolution. All the rest were devising ways and means of marching out of the Empire.

By arrangement between the Government of Canada and the Government of England, Downing Street faded from the picture. Formerly the Governor General did not get his instructions from His Majesty; they were prepared by the Cabinet. But now those instructions, unless they are prepared by the King himself, are to be prepared by Ottawa. In the attempt to shake off British authority, to try to get rid of the British curb, the British Government was told, "You must no longer tell the Governor General what to do." And it agreed.

Not to detain you too long, I come now to the three objections which I have to any legislation by the British Parliament which would make Canada an independent sovereign state.

My first objection, and it is the shortest, is that the British Parliament has no authority—it has the power, but no authority—to deprive me of my birthright as a British subject. In the constitution of the United States it is provided that the Federal Government shall not be entitled or shall not have authority to part with any of the territories of any of the states. I consider it to be a fundamental principle that the Government of England, even though it has the

power, has not the authority to deprive any citizen of his citizenship. "Civis Romanus sum." I intend to retain my British citizenship so far as I can.

My second point is that Canadian independence would be bad business; it would be contrary to the material interests of this country. Leaving aside all sentimental attachments to the mightiest empire that ever ruled, and coming down to our own selfish material interests, I say it is folly to seek to establish an independent nation north of the St. Lawrence river.

Many years ago, when I was travelling in the Soudan, we could not go within ten miles of Ethiopia. That was contrary to orders, it being feared that we might be seized as slaves. One day as I was travelling along I came upon a long, low-thatched building over which there flew the Union Jack. The only people around there were two young lieutenants of the British Army. I went up to them and said: "Boys, what are you doing here?" "Keeping the peace, sir," they replied. But it was not those two boys who were keeping the peace; it was that flag. For the first time in the history of that land men were free; for the first time in its history no hordes of slavers came across the border to carry off the people and send them to Arabia. Peace, order and good government prevailed in the Soudan. Why? Stetit magni nominis umbra—it stood in the shadow of a mighty name. It was free, not because it was strong, but because it stood in the shadow of the British Empire.

We must always remember that man has never changed; that nations are as predatory, as cruel, as conscienceless as ever they were. The United States tore away half of Mexico; Germany sought to annex Europe. Always the strong have endeavoured to take away the vineyards of the weak. If we convince the world that we are an independent people, if we become an independent people, if we cast our lot into the sea of Time, away from the shadow of the British Empire, how can we be free of the invader? The United States once endeavoured to annex this country. Have we any reason to think it will not do so again? Every nation on earth is arming to protect itself against the aggression of every other nation. The history of man shows that the weak have always been trampled underfoot by the strong. If we become an independent nation how shall we be protected from Asia? How shall we be protected from Germany? All nations have colonies and possessions thousands of miles from home.

As you know, man has never heeded warning. The people would not believe Noah until they were up to their mouths in water. Until his gates are down and his houses are on fire, everybody refuses to believe the enemy is coming. So all warnings would pass by like the idle wind which you respect not. Therefore I appeal through another argument, which I consider of great weight.

If we succeeded in convincing the world that we are an independent nation, what would become of the Ottawa Agreements? Suppose some foreigner who knew of our history were to go to England and say: "Canada is an independent nation. We are entitled to the same tariff treatment that Canada receives under the favoured-nation clause." What would be the result for us? England would be obliged to admit that point, so long as its treaties continued in force.

As you know, all men are selfish. If we convinced England that we are not part of the Empire, England would say: "Why should we give you a preference? The Argentine offers us a better deal than you do. We can make better terms with Sweden and Denmark than with you." And, by the way, England has just given a preference to Denmark, in return for concessions on the entry of manufactured goods into that country. We can see the danger that would arise if we should succeed in convincing England, as we have been trying for a long time to do, that we are an entirely independent country.

Parliaments make laws not just for to-day and to-morrow. We are legislating here not merely for the life of this Parliament or of the present generation. The minds of men will change in forty or fifty years. I remember one ambassador to England said that all nations in the world were governed by a reasonable selfishness. Now England may one day reason like this: "Canada is not half as good a customer of ours as is the Argentine. Both are independent nations. So why should we give special consideration to Canada?" What could we say? Of what bad faith would England be guilty, what would it violate, by such an attitude? As we all know, "Richard loves Richard." That is, "I love me." It is only natural for people to act in what they believe is their best interest. There was a time when England would not give Canada any preference. It took us thirty years to get what we now have. Why did she not give it to us long ago? Because it was not in her own interest to do so. But since she has changed her attitude and become a protectionist country she sees that these preferences will put money into her purse. That is the

merchant's point of view. Are we going to risk the loss of what we have gained? This British connection is worth something in dollars and cents to Canada.

I am now going to quote from an editorial that appeared in the Toronto Globe of Monday last:

Great Britain's trade in 1935 amounted to 14 per cent of the total for the world. The United States, with 11 per cent, was second, Germany being third and France fourth. Canada was tied with Japan for fifth place, each obtaining 3·6 per cent.

The encouraging nature of this report, made public by the League of Nations, becomes of great significance when read in association with the information from the Ottawa correspondent of The Globe that "expanding trade within the British Empire is one of the most striking features of international commerce." Empire trade centres around the world's leading trading nation, which established a peak last year in intra-Empire commerce. The United Kingdom's imports from Empire countries amounted to 37·63 per cent of all imports, and domestic exports to Empire countries were 47·97 per cent of the total. This represented an increase in imports over 1931 of 15·41 per cent, and in exports of 19·71. While Britain was marching ahead along the trade routes she was carrying her colleagues of the Empire with her.

The advantage to Canada is shown by the fact that 52 per cent of the Dominion's exports went to Empire countries. Five-sixths of the foreign trade of this country was done with the United Kingdom and the United States.

Imports from the United Kingdom were $30,000,000 more in 1935 than in 1931, the year before the trade agreements were negotiated. Exports to the United Kingdom increased in the same period from $180,000,000 to $304,000,000. Imports from the United States advanced $80,000,000 from 1931 to 1935, and exports to the States increased from $143,000,000 to $277,000,000.

I wish to draw particular attention to the concluding paragraph:

Canada's high standing in world trade can be attributed to her fortunate position with regard to these two nations, together controlling one-quarter of all foreign commerce. But Canada's mainstay is the United Kingdom, which can be counted upon in fair weather and bad, regardless of political changes. Participation in intra-Empire trade revolving around the world's greatest trading nation is an advantage to be held at all costs.

That, I think, is something well worth considering. It is an advantage which can be maintained and improved only so long as we remain a part of the British Empire.

Hon. Mr. POPE: Hear, hear.

Hon. Mr. LYNCH-STAUNTON: I have another objection. I am full of objections, and I hope honourable members think they are all good. If we get a new constitution we shall be creating it ourselves. Now I object to the giving of absolute power to our Government and Parliament to amend or destroy the British North America Act or to substitute something else for it. I object to any Parliament having any more power or control over me than is necessary for the peace, order and good government of Canada. I shall be told that the British Parliament has absolute power over the people of Great Britain. I admit that. I know that the British Parliament can do anything, so far as Great Britain is concerned, except turn a man into a woman. But it did not get its power from the people. I know of no constitution under which absolute power was given by the governed to the governors. Absolute power was taken from humanity by its governors.

After the Conquest William I was a despot. English kings had absolute power from then until the time of the Stuarts, though there was a shadow Parliament. The Stuarts, being pig-headed and having bad judgment, did not see that the time was coming when statesmen would get control over the people and deprive the King of his traditional rights. Cromwell was the last dictator of England to sit on the Throne—for he virtually did sit on the Throne. When Parliament disagreed with him he sent the members about their business. No one gave him that power, just as no one gave kings the power that they had. In course of time, century by century, year by year, dexterous politicians managed to denude the sovereign of most of his personal power, and now there is an autocracy in England. The English Cabinet did not get its powers from the people. On the contrary, it took them from the King.

Now, although there is an autocracy ruling England and an autocracy ruling Canada, the difference between the two countries is that here the power is split between the Dominion and the provinces. Our Parliament cannot get absolute control over us unless it conspires with the provinces, and I object to its ever obtaining such control.

The night before last I chanced to come across this statement by a distinguished Englishman, in an issue of Nineteenth Century of last autumn:

To place unlimited power in the hands of the State is to degrade men, to narrow the intelligence, to encourage intolerance, contempt, bitter strife and the evil arts of flattery. It involves self-abasement in order to conciliate votes and possess power, toleration of the dangerous power of a very able Press, which too often thinks for most of us, and the repression of all those healthy individual differences that make the life of a nation. It means also the piling up of intolerable burdens of debt, the mean endeavour to place the heaviest of these burdens on others, the in-

solence of those who spend money compulsorily taken, the deep poisonous corruption . . . already sporadically existing among us; and at the end of it all the setting up of some absolute form of government, to which men fly in despair.

Now, these are the results of absolutism. In my opinion no Government should have any power over the people which is not necessary for the peace, order and good government of the nation.

Hon. RAOUL DANDURAND: I understand that my honourable friend from Hamilton (Hon. Mr. Lynch-Staunton) has raised this question in the hope of eliciting opinions from honourable senators. If, however, no one else wishes to discuss the matter I shall endeavour to answer his arguments.

Right Hon. Mr. MEIGHEN: I think it is the practice for the leader of the Government first to express the views of his colleagues and himself.

Hon. Mr. DANDURAND: That may be the practice in the House of Commons, but in the Senate all those members who have an opinion to express on the subject-matter of a debate do so before the views of the Government are given.

Right Hon. Mr. MEIGHEN: I wish the honourable gentleman had advised me of that practice in the last four years. I never followed it.

Hon. Mr. CASGRAIN: The speech of my honourable friend from Hamilton is such an able one that I doubt whether any honourable gentlemen can answer his argument. However, in order to afford an opportunity for further discussion I move adjournment of the debate.

Hon. Mr. DANDURAND: I have verified what I hold to be the practice in this Chamber. I have no objection to giving my views now, but I felt that I should observe our long-established practice. I may say that I am not in accord with my honourable friend from DeLanaudière (Hon. Mr. Casgrain) that no answer can be made to the able speech of my honourable friend from Hamilton. Such power as Canada might seek, to amend its Constitution, has been enjoyed by Australia for a number of years, and it has not in the least weakened Australia's affection for the British Commonwealth.

Hon. Mr. POPE: Is the honourable gentleman representing the Government when he says that?

Hon. Mr. DANDURAND: No; I am replying to my honourable friend to my left, who says no answer can be made to the argument advanced by the honourable gentleman from Hamilton.

Right Hon. Mr. MEIGHEN: I should like to suggest to the honourable leader of the Government that though years ago a certain practice may have been followed in this Chamber, it does not seem to-day to have a logical base, and a far more logical and effective practice has been followed in the last four sessions. When an inquiry is addressed to the Government relating to a topic so distinctly national and overwhelming in importance, surely it is only fitting that the Government state its position at once and then leave the matter open for debate.

Hon. Mr. DANDURAND: I am ready to give the answer for the Government.

Right Hon. Mr. MEIGHEN: I am not objecting at all to the motion to adjourn the debate, but I ask the leader of the Government to consider whether it would not be better for him to follow the practice of the last four years.

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

FREE FOREIGN TRADE ZONES BILL

FIRST READING

Bill E2, an Act to enable the establishment, operation and maintenance of free foreign trade zones by provinces and municipalities or by public agencies or either thereof.—Hon. Mr. Casgrain.

CENTENARY OF RISING IN UPPER CANADA

INQUIRY AND DISCUSSION

Hon. A. C. HARDY rose in accordance with the following notice:

That he will call the attention of the Senate to the fact that the year 1937 marks the 100th anniversary of the rising in Upper Canada (now Ontario) under William Lyon Mackenzie, which with the concurrent one in Lower Canada, directly led to the establishment of responsible government in Canada, and that he will inquire of the Government as to whether it will give some official recognition thereto.

He said: With the permission of the Senate, I should like to repeat a remark made this afternoon by the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton), that on the part of the general public in this country there is little or no feeling or knowledge on political questions. He gave that as his reason for bringing to our notice the inquiry which he so ably discussed. I feel that I

am in pretty much the same position as the honourable gentleman, for the general public has but a slight knowledge of our political history. True, the record does not go back very far, but still it is a history which I believe Canadian youth should be taught.

Canada is a young country. Three hundred years at most would cover our history, and during at least half of that period there was only the barest kind of settlement. In fact the particular part of Canada to which I intend to devote myself, the province of Ontario—Upper Canada—has an historical record of only 150 years. I feel therefore that with such a short history we can have no very great traditions. Our history may be important and our traditions may appear great to ourselves, but measured by world standards they are neither great nor important. That, however, is all the more reason why we should emphasize our history and our traditions, and mark the milestones in our national record in such a way as to impress our young people.

The happenings of which I am going to speak culminated in 1837 in a certain event. There is not a man or woman in Canada who personally can remember those happenings, nor one who has suffered personal injury or hurt thereby. In fact I think I may go further and say that few are those whose parents suffered any direct injustice or harm through any of the events which happened, say, from 1830 until after responsible government was established. But I am not unaware that a discussion of those events, even after this very considerable lapse of time, can arouse feelings somewhat warm, indeed heated, and it will be my endeavour to avoid any other than a passing reference to them. I intend to raise none of the controversial issues which in those days brought about so much trouble in the two provinces. I shall confine myself to showing that the events of 1837 brought to a head the strife and agitation which, rightly or wrongly, had existed for years in Upper and Lower Canada, that this culmination, by forcing the attention of the Home Government to it, in turn directly brought about the commissioning of Lord Durham to make an inquiry into conditions, and that the report presented by him led finally to responsible government in Canada. That, and that alone, is the one thing which I wish to bring to the attention of the Senate, and which I believe marks an event well worthy of some permanent form of recognition. It is not my intention to condemn or condone the actions of those in power during that stormy period, which actions were considered, rightly or wrongly, to have caused the rebellion of 1837. Nor, on the other hand, do I propose to condemn or condone the ill-starred uprising which took place that year. I wish to avoid all controversy and to confine myself to stating the events and showing that certain results flowed therefrom.

Were I to attempt to give in detail the history of Canada, even the history of Ontario, or Upper Canada, for the last 100 or 120 years, the recital would take up too much of the time of this honourable House. I shall merely mention in passing that the Constitutional Act of 1791 definitely established the two provinces of Lower and Upper Canada. Each new province was given a representative elected Legislative Assembly, a Legislative Council whose members were appointed for life by the Crown, and a Governor appointed by the Home Government, who in turn was to be assisted by an Executive Council appointed by the Governor during his pleasure.

Almost from the beginning friction arose between different factors in government: friction between the Governors of the two provinces; between the provinces themselves; between the races, English and French, wherever they were brought into close contact. In Lower Canada there was conflict between the two houses of the legislature. In Upper Canada a similar difficulty was accentuated by still sharper differences between the Assembly and the Governor's Executive Council. This friction, begun in the lower and extended to the upper province, continued from the very inception of the new Constitution. While the War of 1812 was in progress the people, no matter what their political differences, came together and internal strife was relegated to the background, but as soon as the war was over it broke out anew.

In Lower Canada the conflict was made all the more bitter by racial strife. A considerable number of British settlers had come into the province after the American Revolution and settled in the larger cities and in what are now called the Eastern Townships. Composing about one-third of the population, they exercised great influence. In Upper Canada this racial rivalry did not exist, as the population was almost entirely British or of British descent. The chief causes of discord in Upper Canada were disputes between the two Houses of Parliament and between the Executive Council of the Governor and the House of Assembly.

And just here may I say that as a citizen of Ontario I shall apply my remarks to Upper Canada more particularly than to Lower Canada. I hope, however, that some of the members from the province of Quebec will review the part which that great province took

in the contest and in bringing about the reforms which followed.

After the American Revolution Upper Canada, now the province of Ontario, rapidly became populated by immigrants from the American Colonies—United Empire Loyalists who refused to live under any other than the British flag. Thousands of these people settled here, chiefly in the southern sections of the country, and it was to bring about conditions more suited to their needs than those obtaining under French law and French traditions that the Constitutional Act was passed. Most of these immigrants had lived in the older American colonies for many years, some of them for generations, and they had become imbued with the spirit of those colonies. They had become used to the comparatively wide franchise which had been granted by the British Crown with respect to American parliamentary institutions, and to a comparatively wide control over purely local affairs. The Constitutional Act, which formed the two new provinces of Upper and Lower Canada, provided for much the same system. Although not a few of these immigrants had sympathized with the majority of the American colonists in the earlier stages of the Revolution, and for years had actually sided with them in opposing the taxes and other restrictions of the Home Government, when it came to an actual declaration of independence they broke away and came to Canada. Through many years of struggling against conditions in a new country, of fighting against the wilderness and the Indians, and of making homes and a living for themselves, they had acquired a spirit of democracy and self-reliance that did not lightly brook undue interference from a Government thousands of miles away, or from the governors who were appointed by that Government.

In addition large numbers of Americans who were attracted by our farm lands came in between the Revolution and 1837. They became loyal Canadians, many of them fighting on the side of the British in 1812. They brought with them a certain knowledge of and attachment to the institutions, social, political and religious, of the new American Republic. We know of many of their descendants at this very day.

Another large body of settlers came from Great Britain. After the Napoleonic wars thousands of disbanded soldiers came here and settled in what are now the Maritime Provinces, Ontario, and elsewhere. After the Napoleonic wars, as after the Great War, there was a great depression and England was seething with discontent. That discontent they brought here with them.

Hon. Mr. HARDY.

Not long afterwards, in the late twenties, they were followed by a large number of people who had seen the great wave of reform which for years swept over England, and when these people came to this country they still carried in their minds the ideas of representative government, parliamentary government and responsible government. They were not mere puppets. They were men who had been striving for the vote, for wider parliamentary privileges, and who in 1832 saw the culmination of victory for the great bulk of the British people in the passing of the Reform Act. In Canada they expected an equally wide franchise and an equally responsible government, but instead, although there was a very fair and very sound government constitutionally, it was only a colonial government, and there was an utter lack of responsibility on the part of the officers of the Crown to the elected body.

As I have said, various elements of the population, whether supporters of the Government or reformers, found a common cause in the War of 1812. They forgot their differences, and all, whether in Upper Canada or Lower Canada, showed that they were not wanting in loyalty to British connections. But soon after the war was over the trouble arose again, and from the early twenties the opposition to the prevailing system gathered strength and became more pronounced.

Of course, in any conflict between different parties in any country there are bound to be certain general causes of discontent. But out of these general causes arise many smaller ones; and I believe it is almost a commonplace to say that frequently it is these smaller things which give rise to irritation and trouble.

The chief general causes of the troubles that came upon the two Canadas in the twenties were, first, the nature of and the method of constituting the Executive Council and the Legislative Council; second, the lack of control over revenues by the provincial legislatures; and, third—and Lord Durham points out that this was one of the most disturbing factors—the method of dealing with public lands. I am not going to discuss the last cause at all, and shall only touch on the second as it affected executive responsibility.

The Executive Council was appointed by the Governor, who could choose almost any person he wished. I do not think we should find too great fault with him for appointing the great officials of state. That was the English system of administering colonies in those days. At the present time, however, it seems inconceivable that judges who were

supposed to administer justice should sit on the more or less political Council. Nevertheless that was the fact. Perhaps it was because the Home Government could not conceive of the Councils being anything but administrative, or of politics being known in a colony. At one time the Chief Justice of Upper Canada was president of the Executive Council, and later he was not only Chief Justice and president of the Executive Council, but also Speaker of the Legislative Council.

It goes without saying that there was no responsibility to the elected House. If there had been there would have been no struggle. There was not even a collective responsibility amongst the various ministers, or members of the executive as they were called, and the Governor could advise with one or more of them without consulting the others. Each member was responsible only to the Governor, and only for his own department. Nothing the Assembly could do would have any effect on their actions.

The Executive Council claimed the right —and in many ways it had the right—to deal with considerable revenues. It thus made itself practically independent of Parliament for long periods of time. To show how far this could be carried I may say that when a House had been elected in which there was a majority opposed to the Government it was usually short-lived—it was very soon dissolved. On the other hand, a friendly House was kept in office for its full term. History shows that this statement is not open to dispute. Indeed, in anticipation of the death of William IV, an Act was passed providing that upon his death the House was not to be dissolved. In those days a legislature was automatically dissolved on the death of the sovereign. But the Government of the day, having a friendly House, felt that it would be much safer to hold on, and that action did as much as anything else to bring about the final crisis of 1837.

The Legislative Council was somewhat like the Senate, the members being appointed by the Governor for life. It was made up largely of government officials, including, strange as it may seem to us, judges, members of the clergy, and, of course, members and friends of the Executive Council and of the Governor.

The troubles that arose in both provinces were countless, those in Lower Canada being more acute, probably, than those in Upper Canada. The Assembly in Lower Canada took an almost irreconcilable stand against the Legislative Council. As far as I can read from history, it was more strongly opposed to the Legislative Council than it was to the Executive. In Upper Canada the reverse was the case. In Lower Canada supplies were refused year after year, and this, of course, brought the Home Government into conflict with the Assembly.

Anyone who reads the history of those days will know that neither all the wrong nor all the right was on one side. I am not here for the purpose of raising a controversy. I believe there were right and wrong on both sides.

In Upper Canada, as I have said, the chief conflict was waged between the Executive Council—and that included the Governor, unfortunately—and the Legislative Assembly. One of the chief grounds of contention was the control of the revenue, and judging from the composition of the Executive Council we can well imagine that when the Assembly had no control at all over the revenue there would be grievances.

Just here, in order to show the difference between the Upper House of those days and the Upper House of to-day, I may say that in one session the Upper House in Upper Canada threw out no fewer than forty bills.

I need not touch on the trouble that was caused by the land tenure of the lower province, or on the clergy reserves and other grants in what is now the province of Ontario. If anyone is interested in this particular phase I would refer him to Lord Durham's report, which, I believe, gives an absolutely unbiased account. If I were to bring this up to-day I think I should be contravening to some extent my own statement that I would not touch on controversial matters. But Lord Durham did not hesitate to touch on anything that he thought required attention, and he covers the whole situation with respect to land very fully and in an exceedingly able way.

I propose to deal with just one cause of the trouble, namely, the lack of responsibility on the part of the Government. I believe that a great many of the other troubles were brought about by that lack of responsibility, but I shall deal with them only as they affect responsibility.

Now, I have touched on the general grounds of discontent. As to rights or wrongs, everyone must form his own opinion from history. The fact is—and that is what I want to deal with—that there was discontent, and it was great enough to cause open rebellion. In these days it would seem easy enough to remedy the causes: the Executive would be in sympathy with the majority of the House and would conform to its wishes. It was for this principle that Papineau and

Mackenzie fought before they finally rose in rebellion.

Here I would say that although I have been referring largely to the position and work of William Lyon Mackenzie in Upper Canada, Papineau occupied a very similar position and did very similar work in Lower Canada. He was the leader of the French Canadians there, and probably exercised more power over them than any other man of his race. He was perhaps the greatest orator Canada had seen up to that time, and possessed great personal magnetism. For years he was the idol of the French Canadians. They trusted him and followed him, and I believe that he sincerely and honestly gave of his best for them. He possessed something of the same temperament as Mackenzie, and, like him, was a strong and bitter fighter. Whether honourable members agree with me on anything else, it will be generally admitted that both those men were strong and bitter fighters. While Papineau belonged to the French aristocratic class, Mackenzie was always one of the people and never possessed riches. Yet the two worked together for the same cause, though from different angles. No one can discuss the period and events to which I am now referring without giving the same consideration, whether it be praise or blame, to Papineau as to Mackenzie.

It has been said that Mackenzie was not really the man instrumental in bringing about responsible government. We can only judge by events and records. We know he demanded that the Assembly should have control over provincial revenues and also over the Executive, which he claimed should be formed only of men chosen by or at least acceptable to the Assembly. As early as 1830 he stated, in paragraph 4 of his published programme of reforms, "That an Administration or Executive responsible to the Province for its conduct" was essential. And in the election of 1831 he was instrumental in obtaining from all over the province signatures to petitions praying that the King "cause the same constitutional principle which has called Your Majesty's present ministers to office to be fully recognized," particularly "so that we may see only those who possess the confidence of the people composing the Executive Council of Your Majesty's representative." The words I have quoted are not the opinions of historians, but are taken from contemporary records, and I do not know that anything could more clearly show what Mackenzie's aim was. Those petitions, which were signed at great meetings held by Mackenzie in all parts of the province during the campaign of 1832, were among the papers he took to England with him that year when he went over to lay his case before the authorities there.

In 1833, when standing for the Assembly, he declared as part of his views that "the great defect in the colonial constitution was the lack of responsible government."

These are some of the claims that Mackenzie made from the outset and continued to make all through his career. Some historians say that he had only a shadowy idea of responsible government. I think the printed records available show us exactly what he wanted. Of course it could not be expected that ideas prevailing one hundred years ago with regard to responsible government should be the same as those of to-day. In all countries constitutional reforms are matters of slow growth, and responsible government is no exception.

Of course Mackenzie was not the only man who agitated for responsible government. The one who is usually given credit for bringing about that reform in Upper Canada is Robert Baldwin. These two men made the same claim over a period of many years, but Baldwin set it out in better form than Mackenzie ever did. Baldwin was a greater man than Mackenzie; we must admit that. Yet when Mackenzie went to England in 1832 to ask the Imperial authorities to consider granting responsible government to the province, he was received on more than one occasion by the then Colonial Secretary; whereas Mr. Baldwin, who went over a few years afterwards, was unable to obtain any such audience.

The rebellion, which finally broke out late in 1837, first in Lower Canada and shortly afterwards in Upper Canada, came as a shock to the Home Government and to England generally. I shall not deal with the incidents of those times, but, having shown that Mackenzie was the real leader bound to have responsible government, I shall now show that it was these very risings that brought Lord Durham into the situation. In all those years the Imperial authorities had stood firmly against the reform of the Executive asked for, but when, in November, 1837, the open risings occurred, England immediately took steps to bring about a better condition of affairs.

In July, 1837, shortly after the return of Lord Durham from his mission to Russia, Lord Melbourne asked him to go to Canada as Commissioner and Governor General and to inquire into the state of the provinces. The letter containing this request is an interesting one, but I shall not take time to read it all. Lord Melbourne said:

It has long been evident that not only the Government, but the country, is subject to daily increasing embarrassment from the present state of affairs in Lower Canada, and consequently in all the British North American possessions. The final separation of those colonies might possibly not be of material detriment to the interests of the Mother Country, but it is clear that it would be a serious blow to the honour of Great Britain, and certainly would be fatal to the character and existence of the Administration under which it took place.

He goes on to state that he believes Lord Durham to be the fittest man to undertake the duty of inquiring into Canadian affairs. That gentleman, however, had just completed a difficult mission of two years in Russia and declined this new task. But in December, 1837, when news of the rebellion reached England, Lord Melbourne renewed his appeal. This time the commission was accepted, and early in 1838 Lord Durham came out to Canada. It seems to me that the acceptance of the commission in these circumstances is one of the first important links in the chain of results leading from the actual uprisings in 1837.

I should like to deal at some length with the Durham Report, but it is not necessary to do so, because the general principles underlying it are well known. It contained not a few things that were unacceptable then and would be unacceptable to-day. But on the point with which I am dealing, the need for a truly responsible system of government, Lord Durham left no room for doubt. And he did not mince matters regarding what he considered the misgovernment of the province. If I were to go into this I should be dealing with controversial details, on which I do not intend to spend any time. The two facts, that he was unfair to French Canadians and desired to make Lower Canada a thoroughly British country, and that he spent very little time in Upper Canada, have no bearing upon the general principles he set out as regards responsible government, which is the only thing I am concerned with at the moment.

One would have to read a large portion of Durham's Report to get all his recommendations as to the granting of responsible government. But in order to show another link in the chain of events leading to our obtaining responsible government may I read a few lines? One of his most important statements was:

> The wisdom of facilitating the management of public affairs, by entrusting it to the persons who have the confidence of the representative body, has never been recognized in the government of the North American colonies.

He speaks of—

> that wise principle of our Government, which has vested the direction of the national policy, and the distribution of patronage, in the leaders of the parliamentary majority ...

And he goes on to say:

> It is not difficult to apply the case to our own country. Let it be imagined that at a general election the Opposition were to return 500 out of 658 members of the House of Commons, and that the whole policy of the ministry should be condemned, and every Bill introduced by it rejected by this immense majority. Let it be supposed that the Crown should consider it a point of honour and duty to retain a ministry so condemned and so thwarted; ... and, I think, it will not be difficult to imagine the fate of such a system of government. Yet such was the system, such literally was the course of events in Lower Canada, and such in character, though not quite in degree, was the spectacle exhibited in Upper Canada, and, at one time or another, in every one of the North American colonies.

And a little further on:

> I know not how it is possible to secure that harmony in any other way than by administering the government on those principles which have been found perfectly efficacious in Great Britain ... In England ... when a ministry ceases to command a majority in Parliament on great questions of policy its doom is immediately sealed ...

I might read many pages of that kind of thing, but it is unnecessary to do so, as it is all a matter of record. That report was the first recommendation by an official of such high rank that responsible government be granted to a colony. After its publication many other colonies, especially those in British America and Australia, took a keen interest in it. To-day all British Dominions without exception enjoy responsible government, which had its source, outside England, in Canada. That is something of which we can, and I believe do, feel proud.

Two things may be said against the point I have just been making: one, that responsible government was not fully established in Canada until the time of Lord Elgin, in 1849; another, that it was introduced earlier in other British American colonies; in Nova Scotia, for example.

As to the first objection, it is true that responsible government was not fully established in Canada until 1849. I had intended to deal with some incidents relating to the growth of the system, but I think they are familiar to all who are interested in the subject. That growth was of course very gradual and slow. In that respect there is an analogy between responsible government and the autonomy of the great British Dominions. Yet, see how we have advanced. I wonder what our people would have thought only forty years ago, let us say, had anyone proposed such an Act as the present Statute of Westminster. Or what would have been

said then had it been suggested that the Dominions be given power to sign treaties on their own responsibility and without the intervention of British ambassadors or ministers? Responsible government was the beginning, and these things have followed slowly.

Lord Durham was succeeded by Lord Sydenham, who apparently was theoretically opposed in every way to responsible government. Yet in practice he acted to a considerable extent in accordance with the principles of that system. This is clear from an incident in the new Parliament after the Union, when the Opposition challenged the Government as to whether it would resign if it no longer had a majority in the House. Attorney-General Draper stated, for the Government, that in such circumstances it would resign.

About that time the House passed the Harrison resolution, whose sponsor was a member of the Administration. The gist of that resolution was:

> That the chief advisers of the representative of the Sovereign, constituting a provincial administration under him, ought to be men possessed of the confidence of the elected representatives of the people.

That was claimed to be proof that responsible government had been definitely secured.

But the system had its ups and downs over a long period. Sir Charles Bagot, who was perhaps the most liberal of our governors of those days, theoretically refused to accept the system, but in practice was guided by its principles to a great extent. Under his successor, Lord Metcalfe, there was such a strong reaction that the country was in danger of having another crisis almost equal to that of 1837. Calm was restored only when he was recalled, partly on account of illness. He was succeeded by Lord Elgin, and I think it may be said that then responsible government was achieved.

Hon. Mr. CASGRAIN: That is right; in 1848.

Hon. Mr. HARDY: It was not until the coming of Lord Elgin in 1846 that the principle was adopted to the extent of its logical conclusion, which was that not only should the Executive possess the confidence of the majority of the Assembly, but the Governor should be guided by the advice of the Executive, or Cabinet, as we should say to-day.

I feel, honourable senators, that I have brought my argument to its logical end. The whole matter is not a little involved, but I hope I have been reasonably clear. To reveal the whole chain of events from beginning to end without the slightest obscurity would be a task for someone whose powers of expression are superior to mine.

I already have been asked why official recognition should be given to a rebel or rebels. Perhaps the word "rebel" has not the same significance to-day that it had one hundred or more years ago. But, after all, rebels have done some important work, and have done it well. There is scarcely a country that does not pay tribute to one or more of them. On the whole North American continent there is not a sovereign nation but was established by rebels. There is not one where you do not find memorials to so-called rebels. They are rebels when they do not succeed in overthrowing the government; they become patriots when they are successful. How many countries are there in Europe to-day that have not their very foundations in revolution? The French Republic is the child of the greatest revolution the world ever saw until perhaps the Russian political upheaval. Italy as a united country is the child of rebellion. Spain to-day is in the throes of a rebellion which has been in progress intermittently during our lifetime. There is not a Balkan state to-day that does not owe its existence to rebellion. Norway is the child of rebellion. England has been bred in rebellion, from the day when the rebellious barons forced King John to sign Magna Charta, down to the rebellion of 1641, when Charles I was deposed. The monarchal system was suspended during the Protectorate. Later again there was a rebellion against James II, to which George I, the progenitor of our present dynasty, actually owed his crown.

Therefore I submit that when we use the word "rebel" we should bear in mind what results followed from the so-called rebel's action. Those of my honourable friends who have been in England will recollect the statue erected to that great rebel George Washington, overlooking the centre of the Empire—Trafalgar Square. A mile away there is the colossal statue to Oliver Cromwell, the greatest rebel of them all. As for ourselves, we have only to look 100 yards beyond the confines of this building to see a monument to the great Sir George Cartier. During the very rebellion to which I have been referring he was a fugitive from justice, with a price on his head. It is true, the monument has been erected, not on account of his activities as a rebel, but in recognition of his great services to Canada later; but he was once a rebel.

I think I may now ask my honourable leader if the Government will in any way give official recognition to that event which took place in 1837 and which led, as I

have tried to show, to the establishment of responsible government in this province.

Hon. C. E. TANNER: I am not sure that I heard distinctly all that the honourable member who has just resumed his seat (Hon. Mr. Hardy) said, but in case what I have in mind was not covered by him, I wish to direct his attention to the fact that the provinces to which he was referring do not constitute the whole of Canada. I would remind him that there was such a man as Joseph Howe,—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. TANNER: —that in 1835, more than 100 years ago, he stood before the High Court of Nova Scotia in defence of free speech and a free press, that that historic trial in Halifax established those two principles, and that it was the opening of the campaign for responsible government which he carried on in Nova Scotia. I am merely stating these facts—

Hon. Mr. HARDY: My honourable friend is quite correct.

Hon. Mr. TANNER: —as a supplement to my honourable friend's speech. The Legislature of Nova Scotia goes back to 1758. It is the oldest legislature in Canada. Joe Howe, as I say, won the trial in 1835. In 1836 he was elected to the Legislature of Nova Scotia, and, three years ahead of the date mentioned by my honourable friend, the battle for responsible government was finally won in Nova Scotia by Joseph Howe.

Hon. Mr. HARDY: The honourable senator is, I believe, quite right.

Hon. Mr. TANNER: I should have added that in Nova Scotia the battle for constitutional government was won by Joe Howe and his colleagues by constitutional means. There was no rebellion.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am not waiting for a pronouncement from the Administration, because I realize this motion would have special significance, the Administration being under its present head, and possibly its representative in this House would like to have some expression of opinion before he speaks in the name of the leader of the Government.

I hope that in what I have to say I shall be acquitted of anything in the nature of animosity to anybody from an historical standpoint, and particularly to any descendant of the great figure referred to by my honourable friend in his address. Indeed, I wish to open by complimenting him on the very fair, scholarly and certainly inoffensive manner in which he presented the issue. He declared it was his desire not to arouse a controversy if such could be avoided, but to seek a unified acclaim in a movement to celebrate the event around which his address circled.

I tried to follow with the utmost care the argument he presented. He wants action taken by the present Administration to celebrate the rebellion of 1837 and the memory of the man who in this province was the leader of the movement, because in his view that rebellion started a chain of events which led to the appointment of Lord Durham and, through his report, resulted finally in the establishment of responsible government in Upper Canada.

He stated, if I understood correctly his intent, that he did not wish to discuss the merits of the rebellion itself, that is to say, whether or not this violent action was necessary to attain the legitimate objects which the leaders of it had in mind. I can think of no more appropriate comment on his stand than what we have just heard from the honourable senator from Pictou (Hon. Mr. Tanner). The necessity of responsible government in those days was naturally not as patent to leaders of opinion in the Old Land as it would be after the developments of the intervening years. But even at the time of this event, in another province of our country, an older one indeed than either of those to which my honourable friend has referred, victory had been won without bloodshed, without violence, under the leadership of pioneers in our public life at that time.

I congratulate my honourable friend that he does not raise the issue as to whether the extreme step taken in 1837 was necessary to its goal. Now, I wish to inquire whether or not, regard being had to the honourable gentleman's representations, it is proper to ask that we celebrate the rebellion, or that we request the Government to initiate some commemoration thereof.

Aside entirely from the necessity of the rebellion of 1837, I do not dispute that it did lead to the appointment of Lord Durham, who previously had been requested to come to Canada and had declined, and that the Durham Report led to the establishment of the new form of government, the essentials of which survive to this hour. But I do dispute that that makes the rebellion itself the subject of commemoration. The same reasoning would lead us into very dangerous conclusions. I do not think it can be disputed that the sinking of the Lusitania was the first link in

a long chain of events which led through the submarine campaign to the intervention of the United States, and, through that intervention and by the help they gave, to the ultimate winning of the late war. But I ask honourable senators if that would be a cause for celebrating the sinking of the Lusitania. If so, we ought very soon to begin to commemorate the twenty-first anniversary of that monstrous crime. In a word, unless we are prepared to conclude the rebellion of 1837 was justified—indeed, I go further—unless we are prepared to conclude such is now the almost universal view of the people of this Dominion, it probably is not wise to ask the Government to initiate a celebration of that event.

I am certainly not one who is prepared to admit that the steps taken in 1837 were essential and necessary steps. I am not prepared to admit that the far more excellent way adopted by Joseph Howe of Nova Scotia would not have been also the successful way in the province of Upper Canada. I ask that the honourable member take that consideration into account and reflect as to whether it would be wise to suggest to the Government at this hour, whatever may be its own conclusions, that it revive the embers, now almost extinct, of a controversy which was deadly in its time.

Hon. Mr. HARDY: May I say to my right honourable friend and also to the honourable senator from Pictou that after the Durham Report Joseph Howe was the one man above all others who relied on it, and the history of Nova Scotia is full of references to the Durham Report and shows that as a result we obtained responsible government. There is no doubt about that. It would take too long to go into it fully. I had it in my notes, but felt I should not develop it to-night, that after the Durham Report was made instructions to the governors were couched in very different terms, and that responsible government in Nova Scotia was based on the Durham Report.

I will grant the honourable senator from Pictou this: Nova Scotians are the wisest people in this Dominion. They have more Scotch blood than any of their fellow-Canadians, and I believe they are our soundest philosophers. That is perhaps why it was settled definitely that Nova Scotia should have responsible government three years before Ontario. I am surprised that Nova Scotians did not get it earlier.

Hon. Mr. TANNER: This was Joe Howe's policy as stated by him in his first election campaign in 1836:

All we ask is for what exists at home ... a system of responsibility to the people, extending through all the departments supported at the public expense.

That is the policy which carried him to victory.

Hon. Mr. DANDURAND: If no other honourable member desires to adjourn the debate, I will do so myself.

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

INDIAN BILL

SECOND READING

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

He said: Honourable members of the Senate, the remark that fell from the lips of my right honourable friend yesterday concerning this Bill prompted me to examine it with particular attention, and I may say that, although I believe the substance of the various clauses will be generally accepted by this House, the Bill may need to be redrafted when it goes to committee. I shall not enter into the reasons.

The Bill contains a number of amendments on different subjects. I think I may say there is no general principle covering them all. If honourable members will look at the marginal notes they will find that the first clause deals with the sale of land devised or bequeathed to non-residents. The present Act permits of sale to members of the band; the amendment inserts the words "to the band or." The only addition is that the band is given the right to acquire the land.

Clause 2 governs laws for the prevention of disease and laws respecting motor vehicles.

Clause 3 has to do with the power of the Governor in Council over the expenditure of capital.

The Bill then deals with the method of electing councillors, I believe—

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: —or of electing the chiefs. It then proceeds to the duties of the agent at the meetings of the Council. Then there are regulations concerning intoxicants and the sale of intoxicants. Following those there are some provisions with respect to gambling and drinking.

I think the Committee on Banking and Commerce may find it necessary to redraft one or two of the clauses of the Bill. Clause 2 declares that provincial laws may be made applicable to the Indian reserves. Indian reserves, of course, are under the direct legislation of the Dominion Parliament. We can

see that the intent of the Bill is to apply certain provincial enactments. I feel that this can be done, and that the powers to be granted to the Superintendent General can be granted to him directly by this Parliament, not through legislation now on the provincial Statute Book.

Right Hon. ARTHUR MEIGHEN: Honourable members, my remark of yesterday was elicited principally by the abortive attempt at legislation which is contained in clause 2. I do not think the leader of the Government has his mind on the constitutional aspect of this clause, as it ought to be or would be if he were giving more attention to it. As a legislative effort this is really the most hideous monster I have ever seen in either branch of Parliament. We undertake to give the Superintendent General of Indian Affairs power to select certain clauses of a provincial statute and to declare them to be in effect in an Indian reserve. It is a most primitive constitutional element that we cannot divest ourselves of power. We cannot add to provincial powers or subtract from our own. This clause would put the provinces in a position to enact laws respecting our reserves by getting the approval of the Superintendent General.

Hon. Mr. DANDURAND: To legislate for the Indian reserves.

Right Hon. Mr. MEIGHEN: It cannot be done. That is so obvious that it is simply absurd to suggest such a clause. If we liked some provincial law and wanted it to become operative in a reserve, the most we could do would be to say that section so-and-so of the Act of a certain legislature shall be in effect in that reserve. That would be just the same as if we quoted the section and said it was the law. But we do not attempt to do so here. We give someone the right to select whatever he may choose out of the provincial statute.

That, surely, is absurd enough; but honourable members will be surprised when I say there is something still more grotesque. We say that the Superintendent General may declare some provincial Act to be law. Very good. Suppose he does that. Is it law? We do not say so. All we say is that he can declare it; and even if he declares it from a platform in front of these buildings, things are exactly in the same position as before. We do not say that it shall be the law if he declares it. Whoever drafted this Bill certainly should get the Victoria Cross—

Some Hon. SENATORS: Oh, oh.

Right Hon. Mr. MEIGHEN: —for his impudence in presenting it to Parliament.

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: I move that this Bill be referred to the Committee on Banking and Commerce.

Hon. Mr. HARDY: With all due respect to my leader, I should like to know what connection this Bill has with Banking and Commerce in any way whatsoever. I think we should find another committee for it, or refer it to Committee of the Whole.

Right Hon. Mr. MEIGHEN: It really should be before Committee of the Whole.

Hon. Mr. DANDURAND: Committee of the Whole?

Right Hon. Mr. MEIGHEN: I should think so.

Hon. Mr. DANDURAND: Well, I withdraw my motion to refer it to the Standing Committee on Banking and Commerce, and would ask that it be referred to Committee of the Whole to-morrow.

The motion was withdrawn.

CUSTOMS BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 11, an Act to amend the Customs Act.

He said: Honourable members of the Senate, this Bill covers a number of matters which might well be discussed either in Committee of the Whole or in the Committee on Banking and Commerce. It deals with entries by bill of sight, the valuation of imported goods—

Right Hon. Mr. MEIGHEN: Perhaps the honourable gentleman will tell us one thing which I think is more important than the details. Is this legislation obligatory upon us in pursuance of the treaty with the United States?

Hon. Mr. DANDURAND: Yes. There are two clauses which are consequential.

Right Hon. Mr. MEIGHEN: Which two clauses, please?

Hon. Mr. DANDURAND: Clause 3 is a result of the agreement between Canada and the United States—

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: —and clause 4, which repeals section 37 of the statute of 1930, is a result of the agreement between Canada and the United States.

Hon. Mr. MURDOCK: Clause 6 also.

Hon. Mr. DANDURAND: Clause 6 is a result of the agreements with the United States and Japan. I think these are the clauses.

Right Hon. Mr. MEIGHEN: None of the others are obligatory at all?

Hon. Mr. DANDURAND: No.

Hon. Mr. BALLANTYNE: Can the honourable leader tell us exactly what will be the result of taking the valuation set in the country of origin or export?

Hon. Mr. DANDURAND: Under the Act as it stands at present the Minister may determine the rate of discount to be applied. The amendment has the effect of preventing the fixing of a discount different from that applying to the price of the goods in the country of origin; in this case the United States. If on certain goods American manufacturers allowed a discount of, say, thirty per cent, Canada could not fix the discount at twenty per cent; we should be bound to maintain the same rate as that given in the country of origin.

Hon. Mr. MURDOCK: I think the explanatory note to section 4 deals with that point.

Hon. Mr. DANDURAND: Yes.

It was undertaken in connection with the trade agreement between Canada and the United States that no rate of discount established under section 37 will operate to increase the value for duty of any goods beyond the price at which such or similar goods are freely offered for sale to purchasers at the time and place of shipment in the country of export, in the usual quantities and in the ordinary course of trade. This undertaking renders unnecessary section 37 as it stands at present, as other provisions of the Act provide for determining the fair market value.

Section 5 provides:

Paragraph (e) of subsection one of section forty-one of the said Act is repealed, and the following is substituted therefor:—

(e) such goods by reason of the fact that the circumstances of the trade render it necessary or desirable are sold under conditions or to a class of purchaser under or to which similar goods are not sold by the exporter for home consumption; or such goods are sold or imported in or under any other unusual or peculiar manner or conditions.

The change consists in the addition of the words underlined in the Bill, that is, all the words from the beginning of the new paragraph down to "home consumption." The explanatory note reads:

As an example of conditions different though not unusual, an exporter may sell in the home market to consumers, dealers or wholesalers only, while for export he may sell to distributors, jobbers or dealers who undertake certain marketing expenses not borne by the purchasers in the home market, but borne by the manufacturer, and in consequence the exporter may sell at a lower price and claim such lower price as a fair market value though it is not a value as actually sold for home consumption.

Right Hon. Mr. MEIGHEN: Does that follow the treaty?

Hon. Mr. DANDURAND: No; not section 5.

Right Hon. Mr. MEIGHEN: Why pass it?

Hon. Mr. DANDURAND: The section inserted to comply with undertakings entered into with the United States and Japan is section 6, which reads:

Section forty-three of the said Act as enacted by section four of chapter two of the statutes of 1930 (2nd Session), and as amended by section one of chapter seven of the statutes of 1932-33, is further amended by adding the following subsection thereto as subsection three:—

(3) In the case of any value for duty established under the provisions of this section after the first day of January, 1936, any interested party may apply to the Tariff Board by way of appeal therefrom. The Tariff Board shall thereupon conduct a public inquiry and make its finding as to whether, to what extent, and for what period such value is required to prevent the importation of goods into Canada from prejudicially or injuriously affecting the interests of Canadian producers or manufacturers. If no fixed value is found by the Tariff Board to be required, or if a lower value is found to be appropriate, the finding of the Tariff Board will become at once effective. If appeal is made to the Tariff Board such value authorized by the Minister shall in default of any finding by the Tariff Board in the meantime cease to have force and effect upon the expiration of three months from the date of any such application to the Tariff Board.

Right Hon. Mr. MEIGHEN: Does that correspond with the similar provision in the Ottawa Agreements?

Hon. Mr. DANDURAND: I am not quite sure.

Right Hon. Mr. MEIGHEN: I think it does.

Hon. Mr. BALLANTYNE: It simply means, so far as the American treaty is concerned, that exporters from the United States, the largest manufacturing country in the world, with mass production and low costs, will fix the valuation for purposes of duty when their goods are sold for export to Canada. That will be very detrimental to our industries.

Hon. Mr. DANDURAND: The principle is laid down that the sale price on the domestic market in the United States governs the valuation.

Hon. Mr. BALLANTYNE: Quite so.

Hon. Mr. DANDURAND: So if a discount is allowed to American purchasers, the same discount will be applied when the goods are valued at the frontier.

Hon. Mr. BALLANTYNE: Quite so. But my honourable friend misses my point. American manufacturers are organized on such a huge scale and in so highly efficient a manner that the sale price of their products in their own country is an extremely low level for purposes of valuation when the goods are admitted to this country.

Hon. Mr. DANDURAND: But how can we proceed otherwise than by accepting the sale price that prevails on the American market?

Hon. Mr. BALLANTYNE: The former Government very properly provided, I think under No. 48 in the Customs Regulations, that when the price of any imports was considered to be an unfair basis of valuation for purposes of duty, owing to debased currency, or a lower standard of living in the country of origin, or to any other reasonable cause, the Minister should have power without reference to Parliament to fix a fair valuation for duty, within certain limitations. But now that has been changed and we shall be at the mercy of all those people to whom I have referred.

Hon. Mr. DANDURAND: But I would draw my honourable friend's attention to the fact that that very arbitrary way of valuing goods hampered to a formidable degree the movement of trade between other countries and Canada. A Canadian importer might purchase goods at a certain price in a foreign country and, before their arrival, sell them here at what he considered a fair profit, only to find when they did arrive that because of an arbitrary valuation he was deprived of all profit and sometimes was even put to a loss. It was, I think, just that kind of legislation that caused a great deal of irritation and disturbance of trade. When a man buys goods abroad and knows that to the price he pays it is necessary to add only the customs duties and taxes, he can then fix his rate of profit and proceed to make sales. But if he is absolutely at sea as to the customs valuation of those goods, will he not hesitate to trade?

Hon. Mr. BALLANTYNE: I think I understand my honourable friend's reasoning very clearly. If Japan is shipping rayon to this country, and the rate of wages there is 25 cents a day as against $1.50 or $2 a day here, he says: "Oh, very well. That rayon was shipped at the fair market price in Japan; the importer here has resold it; so the Government of Canada has no responsibility whatsoever to our workmen or to our manufacturers. In short, the price of the rayon to be shipped to Canada is fixed by Japan, and that is all there is to it."

Hon. Mr. DANDURAND: My honourable friend knows that Canada has power to modify the situation any day. It is a question of dealing with countries on general principles, but conditions may arise which will bring about a change in our tariff legislation.

Right Hon. Mr. MEIGHEN: Have we not definitely surrendered that power in the case of Japan?

Hon. Mr. DANDURAND: I do not think we have. We are still masters of our tariff legislation.

Right Hon. Mr. MEIGHEN: Not if I read correctly reports of this celebrated rearrangement with Japan.

But I want to point out to my honourable friend that this very power against which he declaims, and which he thinks is an unreasonable impediment to trade, is a power which his Government in its treaty with the United States has in respect of fruit specifically reserved in all its fullness; and unless it is exercised as reserved, our fruit will be destroyed. Now, his Government having reserved it in respect of fruit, a most obvious case, how can he then use the general language of declamation against it when it is mentioned in relation to rayon from Japan?

Hon. Mr. DANDURAND: My right honourable friend speaks of the United States and then of Japan.

Right Hon. Mr. MEIGHEN: I know, but it is the same power and the same principle which in the treaty with United States my honourable friend's Government has reserved only in respect of fruit, so far as I can recall. He can make no argument in respect of fruit that he cannot make in respect of Japanese products.

Hon. Mr. DANDURAND: My right honourable friend knows that in the agreement with the United States there is a schedule covering fixed amounts, which cannot be altered; but outside of that schedule Parliament remains free to deal with its general tariff, and its intermediate tariff as well.

Right Hon. Mr. MEIGHEN: My honourable friend has missed the point.

Hon. Mr. DANDURAND: Probably the Budget speech will show what has been done in this very line.

Right Hon. Mr. MEIGHEN: The lights of hope are beginning to gleam.

Hon. Mr. HUGHES: Very early in this session we had a short discussion with regard to the smuggling of liquors, and illicit home-brewing. The honourable leader of the House read a letter from General MacBrien, the head of the Preventive Service, stating that amendments to the Customs Act, to regulate the traffic, would be asked for. Are the amendments in this Bill such as those foreshadowed in the letter from General MacBrien?

Hon. Mr. DANDURAND: I am under the impression there will be another Bill brought down which may cover the question put by my honourable friend.

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

Thursday, April 30, 1936.

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

Prayers and routine proceedings.

ALLEGED SALE OF GOVERNMENT SHIPS

INQUIRY

On the Orders of the Day:

Hon. Mr. BALLANTYNE: Honourable senators, before the Orders of the Day are called I should like to inquire of the honourable leader of the House if it is true that the Government has sold certain ships. If so, will he be good enough to tell this House how many ships were sold, and what was the sale price?

Hon. Mr. DANDURAND: I have no information, official or other, on the matter. I shall make inquiry and reply to my honourable friend at the next sitting.

Hon. Mr. BALLANTYNE: I should also like my honourable friend to tell me, when he is making his reply, to whom the ships were sold, and what were the operating profits of the ships for last year.

Hon. Mr. CASGRAIN: Why not put it in the form of an inquiry?

Hon. Mr. BALLANTYNE: That is all I want to know.

Hon. Mr. DANDURAND: My honourable friend might put this question on the Order Paper, but in any event I shall have an answer for him at the next sitting.

OTTAWA AGREEMENT BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 54, an Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.

He said: The purpose of this Bill is to extend for one year the agreement between the Crown and the Corporation of the City of Ottawa, dated March 30, 1920. The agreement itself is set out in full as a schedule to chapter 15 of the statutes of 1920.

In chapter 21 of the statutes of 1925 the period of the agreement was extended for five years, to 1st July, 1930, and the Minister was empowered to agree on behalf of His Majesty to pay to the Corporation annually the sum of $100,000 during the period of five years from 1st July, 1925, instead of the annual sum of $75,000 as provided for in the agreement. By chapter 43 of the statutes of 1931 this period was extended for one year to 1st July, 1931; by chapter 11 of the statutes of 1932 it was extended to 1st July, 1932; by chapter 17 of the statutes of 1932-33 it was extended to 1st July, 1933; by chapter 7 of the statutes of 1934 it was extended to 1st July, 1934, and by chapter 7 of the statutes of 1935 it was further extended to 1st July, 1935.

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

THIRD READING

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

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

BRITISH NORTH AMERICA ACT—AUTHORITY TO AMEND

INQUIRY AND DISCUSSION

The Senate resumed from yesterday the adjourned debate on the inquiry by Hon. Mr. Lynch-Staunton:

That he will draw the attention of the Senate to, and inquire of the Government, whether it is the intention of the Government to take steps to have legislation passed by the Imperial Parliament to the end that the Parliament of Canada shall have the authority to from time to time amend the British North America Act as it may deem proper.

Hon. J. P. B. CASGRAIN: Honourable members, as you are aware, when yesterday I moved the adjournment of this debate I did not think I could add very much to what had been so ably said by the honourable member from Hamilton (Hon. Mr. Lynch-Staunton). Since then I have been fortunate in getting some information which agrees pretty much with what he said. I must crave the indulgence of the House, because my remarks may not be so consecutive as they would have been had I had time to prepare full notes.

I felt proud of being an Imperialist when my honourable friend sang the praises of the British Army. He told us that one day while travelling in the Soudan he came upon a long, low-thatched building over which flew the Union Jack; that the only people about were two young lieutenants of the British Army; that he went up to them and said, "Boys, what are you doing here?" and they answered, "Keeping the peace, sir." What he saw there he would have seen on a much larger scale on the northern frontier of India.

I have read recently a book by Sir Samuel Hoare. When he was made Minister of Aviation he flew to Delhi, accompanied by Lady Hoare. Some of her friends told her it was a very perilous trip, but she replied, "Well, if one goes the other one might just as well go too." That shows the British spirit and a happy family life. There are some wives who might wish it the other way.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: From Delhi Sir Samuel Hoare made a tour of the military posts by army planes, and this took him over what is probably the most dangerous place in all our Empire, the borders of Afghanistan. There the warlike frontier tribes are always ready to shoot without a moment's warning. He inspected the various garrison posts manned by loyal natives under a few English officers. Always he found the land around the posts cleared for a considerable distance, so that no hostile tribes could take advantage of cover to surprise the garrison. At the Khyber Pass Sir Samuel transferred from his plane to a motor-car to make a close inspection and ascertain local conditions. As honourable members know, Afghanistan is about the only territory that the Empire has lost. My honourable friends will recall Lord Roberts' campaign. The Afghans struck for independence. Perhaps it is just as well they succeeded, for it used to cost Great Britain a great deal of money to retain her hold on the country in order to protect India from the southward march of the Russians, which was the ambition of all the Czars. Now Afghanistan is a buffer state between India and Russia. The Afghans, jealous of their independence, naturally would oppose any encroachment by the Russians. This is another instance of the cleverness of England.

Whilst I am on that subject I might recall another matter to show how clever England is. Throughout India there are magnificent native regiments, the Bengal Lancers and others, commanded by English officers. They lack but one thing necessary in warfare: they have no artillery. That is a great drawback. As a matter of fact, at one time the chiefs said: "Look here, we are willing to fight, but we cannot fight against your artillery." Except for artillery every branch of the service is represented in the Indian Army.

A somewhat similar situation exists in Egypt at this very minute. As you know, only a short time ago England sent some forty big warships to Alexandria, where there was considerable agitation. Some of the Egyptians are Copts. They are of the same religion as the Ethiopians, and, as England was sympathetic towards them, she said she would send them something that would be useful if there was trouble. While there may be difficulties and border wars, and the Egyptians have rifles, England has the cartridges.

If I stray too far from my subject I hope the House will forgive me, because in speaking impromptu one cannot help expressing the thoughts that come into one's mind, and this occupies a little time.

I must say that I have a soft spot in my heart for the honourable member from Hamilton (Hon. Mr. Lynch-Staunton), for he is the only convert I ever made. The fact that I was able to convert a man of his intelligence and induce him to side with me for once is, I think, complimentary to me, though I do not guarantee that he will side with me always. He may recall that for years I spoke against the St. Lawrence ship canal. On one occasion he said to me: "You made a pretty good speech. I should like to read what you said. Have you a copy of it?" I gave him a copy, and apparently he read it, for shortly afterwards I learned from the papers that he had made a speech against the proposal. Senator Reid, of Prescott, who was all for the canal, upbraided the honourable gentleman for what he had done, whereupon he replied: "Don't blame me. Here is the man who converted me." So I am going to stand by the honourable gentleman, because never in my life have I convinced anyone else.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. LYNCH-STAUNTON: I must have been very simple then.

Hon. Mr. CASGRAIN: Yesterday my leader thought he had delivered a knock-out blow to the speech of the honourable member from Hamilton when he asked, "What about Australia?" Well, Australia is not in this picture at all. In Australia they have a federation, whereas in Canada we have a confederation. I took the trouble to look up the dictionary to see what it says about these words, and I am going to give it to this House. We all know that if Sir John A. Macdonald had had his way we should have had legislative union, one government for the whole of Canada.

Hon. Mr. DANDURAND: And the Kingdom of Canada.

Hon. Mr. CASGRAIN: I will come to that kingdom business in a little while.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: There will not be much kingdom either.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: This is what the Oxford Dictionary says:

> Federation: the union of several states, etc., under a federal government, each retaining control of its own internal affairs.

That is the case of Australia; it is also the case of the United States. Certain powers were delegated to the central Government, and the residue was retained by the states. That is the reverse of what was done in Canada. When we formed a confederation we gave the power to the central Government, but certain matters, like education and so on, were left to the provinces as a sort of sop to keep them quiet and give them an excuse for setting up a government. That is all there was to it. A confederation is different. Here is the definition:

> Confederation: a number of states united by a league, now usually on a more permanent basis than in the case of a confederacy.

Then a man who wrote a dictionary has something to say about this. I refer to the author of Fowler's Modern English Usage. He says:

> Federation, confederation, confederacy—Writing in 1918, one may say that the Entente Powers are now a confederacy, that the proposed League of Nations would be a confederation, and that if that were further developed into a United States of Europe, that would be a federation. The following extracts from the Oxford English Dictionary bear this out:—

> "Confederacy now usually implies a looser or more temporary association than confederation, which is applied to a union of states organized on an intentionally permanent basis." "In modern political use, confederation is usually limited to a permanent union of sovereign states for common action in relation to externals.... The United States of America are commonly described as a confederation (or confederacy) from 1777 to 1789; but from 1789 their closer union has been considered a federation, or Federal Republic." On Federation: "Now chiefly special—the formation of a political unity out of a number of separate States, so that each retains the management of its internal affairs."

I think that is very plain, and anybody who reads it in Hansard will probably have a better conception of it than he will get from hearing me read it.

Not very many hours ago I was fortunate enough to receive a pamphlet that was read before the Royal Society of Canada. The author of the pamphlet, Hon. P. B. Mignault, was kind enough to write on it, "A mon ami J. P. B. Casgrain." I am sure all honourable gentlemen who are members of the legal profession are acquainted with P. B. Mignault. He has written many books on legal subjects, and I am told they are of great value. He is such a legal celebrity that when he went to Europe last summer the legal fraternity in various countries welcomed him as an eminent authority. In his pamphlet he discusses our status. Perhaps the honourable member from Hamilton (Hon. Mr. Lynch-Staunton) has the book and gave us what he read there. That might be. The honourable gentleman does not say a word; so I am afraid I am right.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: The book is entitled, "Some Considerations on the Development and the Principle of Autonomy in Canada before and since the Statute of Westminster, 1931." The author first discusses the representation of Canada in foreign countries. He says the first of our representatives was the agent in Paris, the Hon. Hector Fabre, who resigned a senatorship to take a more paying job—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: —and who remained in Paris until he died. He was succeeded by another senator, who found that on $1,000 a year, which was then the indemnity, a senator could not live here and at the same time keep his family in Edmonton. He is in Paris yet.

Now we have several embassies, and one of the ambassadors, Sir Herbert Marler, is a great friend of mine. I must say it is no

fault of his that he occupies a position which I do not think anyone should have. We boast that there has been peace between this country and the United States for 115 years or more. During most of that time we were represented by the British ambassadors in Washington. In those days, when friction arose, what happened? Of course, under the laws of diplomacy we could not come into direct contact with the United States: any matter in dispute was referred to the British Ambassador. Usually he was a very clever man. He would say, "Very well, I shall make representations to the Home Government," and he would make representations. I suppose he would always add a postcript: "Don't be in a hurry"—

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: —and his letter would be pigeonholed in the Foreign Office. After a time, nothing having been done, he would be approached again, and he would say, "But I have not had any reply." Those were the days of sailing ships, and communication with the Old Land took a long time. Meanwhile the people would have cooled off a little. But if they were insistent and came again and said, "We must have an answer," he would write once more, and finally he would receive a reply stating that the matter was under consideration.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: This gave the people still more time to cool off, and before the correspondence was finished everybody had forgotten what it was all about, and we had peace again for a number of years.

But now we are in direct contact with the United States—of late we have had our national brother-in-law in Washington—and we do not know at what time we may get into difficulty. When we had that buffer, the British Ambassador, we were kept out of trouble. I ask honourable members of the House, have we had any trouble with the United States in the last 120 years?

Hon. Mr. BALLANTYNE: The Alaska boundary question.

Hon. Mr. CASGRAIN: That was not trouble. There was a friendly settlement. England always gave in.

Now, in Washington the British Ambassador is going just as strong as ever. Australia also has a Minister there, if you please. And so has New Zealand. They are all representing one man, the King of England.

Hon. Mr. DANDURAND: The King of Australia.

Hon. Mr. CASGRAIN: How can you split a king into six parts? There is also at Washington a Minister from South Africa, and one from the Irish Free State—and he is not the easiest one to handle, either. When anything comes up they go to President Roosevelt, or to the Secretary of State, Cordell Hull, and make their representations. If they all agree there is no trouble. But what happens when they disagree? All that the President or Secretary of State can do then is to write to the King and say: "You have six representatives here in Washington; one says one thing and another says something else. What am I to do?" And what can the King do? Whose side would he take? Perhaps he would toss a coin to decide who wins. This shows that one King should not have a number of representatives in one capital at the same time. One representative ought to be enough. If he cannot do the work he should be removed and another appointed. That has been done before.

What we do need is something not so "swell," but more practical and yielding some financial return. We ought to have consuls to do business for us. We have trade commissioners, but they are without authority and are not recognized. I made a long speech in the Senate to show that we need consuls, but I was all alone on my side, as usual.

Now I come to what used to be called Colonial Conferences. They are now styled Imperial Conferences. The new title is more "swell," and is supposed to make us like the affairs better. It has been said that at the Conference of 1926 we got a new Magna Charta. Well, Mr. Justice Mignault did not think we got a Magna Charta, and I do not think we did. Mr. Bruce, the then Prime Minister of Australia, was in Montreal after the Conference and I was fortunate enough to lunch with him at Sir Henry Thornton's house. After lunch, when we were smoking, I asked him, "Has there been any change?" He said: "No, not at all. Everything is just the same."

But let us see what Lord Balfour said. That Conference appointed a committee, of which Lord Balfour was chairman, to consider questions of inter-Imperial relations. Speaking of the "self-governing communities composed of Great Britain and the Dominions," the committee's report said:

> They are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations.

Well, that is nicely written, I must say.

Hon. Mr. DANDURAND: That sounds well.

Hon. Mr. CASGRAIN: Yes, it sounds well. A little further on it says:

> Every self-governing member of the Empire is now master of its destiny.

That also sounds fine. It goes on:

> Equality of status, so far as Britain and the Dominions are concerned, is thus the root principle—

"Root principle," mind you.

> —governing our inter-Imperial relations. But the principles of equality and similarity, appropriate to status, do not universally extend to function. Here we require something more than immutable dogmas. For example, to deal with questions of diplomacy and questions of defence, we require also flexible machinery—machinery which can, from time to time, be adapted to the changing circumstances of the world.

That comes from the pen of Lord Balfour, and I suppose no more elegantly obscure passage has ever been written. The language is admirable. But what is the meaning of it? Justice Mignault goes on to say that dogmas must be immutable, but I will not worry the House with that.

The late John S. Ewart, whom we all remember very well, wrote an article which was published in the Canadian Bar Review of February, 1932. Dealing with the distinction that Lord Balfour made between "status" and "function," he said, at page 114:

> Equality when you are standing still and inequality when you are doing something—a curious jumble ... of very bad law and very fine compliment.

As no doubt all honourable members can see, I do not desire any change in our status. But I want to be absolutely fair with the House. There is a lawyer—and he is considered "some" lawyer—namely, Mr. Aimé Geoffrion, who thinks that if we decided to have a change he could draw up some clauses under which the minority would be better off. He may be as ingenious as are the leaders on both sides of this House, but what would be the good of his drawing up clauses? Writings are worthless unless you have the majority back of them. One province would not have much chance against eight. My friend Aimé Geoffrion forgets that crises blow over this country from time to time, as over every country, crises concerning questions of race, of language, of religion and sometimes of conscription. I want to remind the House that not only horses run away; people also run away—run crazy, sometimes. Where would the minority be when something like that happened? So long as we leave the power where it is, on the other side of the water, we have an umpire free from local prejudices. I would sooner trust an Englishman three thousand miles away than one right here. Those people over there know certain facts. They know full well that it was due to the gentlemen of the Seminary of Montreal, to whom Louis XIV gave the whole Island of Montreal, that Quebec remained British at the time of the revolution of the colonies to the south. I am not speaking of the Maritime Provinces. The Island of Montreal looked good to Franklin and his friends, and they would have liked to have it. I do not say that the gentlemen of the seminary took their stand out of love for England, though they have always been loyal. All through the Napoleonic wars they contributed money, as much as £500 sterling, to help keep up the fight against France. Contributions were raised throughout French Canada to support the wars against Napoleon.

When Austen Chamberlain, Lord Balfour and others came back from signing the Locarno Pact they were welcomed by his late Majesty, King George, and the Queen. It was said they had accomplished one of the greatest things that had ever been done for the Empire. But where is the Locarno Pact to-day? Is it not all shot to pieces? Canada was not a party to that pact, but it did sign the Treaty of Versailles, by the hands of the late Mr. Doherty and Mr. Sifton. But what are we doing to keep that treaty in force? We agreed that Germany should not re-arm. Will any member of this House say that Germany did not break the terms when it militarized a zone that should not have been militarized, and raised an army that it should not have raised? But are we doing anything about it? That treaty too is all shot to pieces. When Bethmann-Hollweg spoke of a treaty as "a scrap of paper" he spoke too plainly, but he told the truth. A treaty is good only so long as there is force behind it. The League of Nations would be all right if it had a sheriff, but it has not. A judge can render judgments in court, but if he had no sheriff he might just as well be singing, for all the effect his judgments would have.

I am grateful to honourable members for the attention they have given to my remarks. And I thank my honourable friend from Hamilton (Hon. Mr. Lynch-Staunton) for bringing on this discussion. Though no one rose to contradict him, surely some of my remarks will be contradicted.

Hon. Mr. DANDURAND: If no other honourable member desires to discuss the interesting question raised by my honourable friend from Hamilton, I will move adjournment of the debate until next Wednesday.

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

UNEMPLOYMENT RELIEF AND ASSISTANCE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 19, an Act to assist in the relief of Unemployment, the promoting of Agricultural Settlement and Rehabilitation, and in the Development, Conservation and Improvement of certain natural and other resources.

He said: Each year since 1930 Parliament has been asked to pass legislation giving the Governor in Council authority to expend moneys from the Dominion treasury for the relief of prevailing distress, and also at times giving the Governor in Council wide emergency powers. In so far as the earlier Acts had to do with the relief of distress and in so far as some commitments made under them must necessarily be carried forward, the present measure may be considered an Act in succession to the earlier statutes. Nor will the Government derive powers to deal with distress solely from this measure. As will be pointed out, Parliament has been and will be consulted otherwise.

It will be readily observed by comparison with earlier enactments that this Bill is severely restricted. It gives no general authority under "peace, order and good government," nor regarding general financial and credit matters. It merely gives the requisite powers to the Governor in Council to carry out in the manner indicated the will of Parliament as contained in this and related legislation, to expend moneys to be provided by appropriations Parliament will be asked to approve, and for the single purpose of relieving distress or removing its causes.

For example, large sums of money were advanced to the provinces to meet maturing obligations and for general provincial financing under the old Acts. No new loans not having to do directly with relief can be made under this measure. A further example may be given. By Order in Council P.C. 2979 of September 26, 1935, $200,000 was appropriated under the Relief Act of 1935 for the expansion of the Royal Canadian Mounted Police. This would not be possible under the present Bill.

The relief of distress has been a continuing condition for some years. The experience in dealing with this continuing emergency has been sufficient to permit of such reasonably accurate estimates of probable requirements for the next twelve months as are made in respect of other governmental services. This course the Government proposes to follow under the Bill. Estimates are now before Parliament covering relief requirements.

The two Bills, this measure and the one now before the other House, are correlated and complementary. So is the National Employment Commission Bill, which we passed before we separated for the Easter recess. The Bill creating the National Employment Commission indicated the intentions of the Government with respect to administering relief and investigating, studying and applying ways and means of coping with the relief situation and with the problems of employment and unemployment. This Bill gives the necessary authority to carry out the purposes indicated in the first Bill, and to apply the appropriations to be voted to specific purposes.

Relief problems can be separated into three main categories: first, as arising out of unemployment; second, as a result of farm crop conditions; and third, as more nearly normal indigence, due particularly to physical and mental incapacity of individuals.

According to preliminary figures for January, unemployment accounts for 67·38 per cent of those on relief, farm conditions for 26·48 per cent, and unemployability for 6·06 per cent, with transient persons constituting the remaining ·08 per cent. So far as farm relief is concerned, the final corrective rests in the hands of Providence in the form of more bountiful crops. The only method heretofore devised for coping with this phase of the problem is that of direct relief and assistance to tide over those afflicted so that they may retain their position in the community. This relief must be continued, and the Government intends that it shall be.

As to unemployable persons and their dependents, they constitute a problem of indigence, no doubt accentuated by the fact that persons not quite wholly unemployable are not now able to secure such part-time or casual employment as would be open to them under more favourable conditions. All, or nearly all, of such persons in some provinces are still left to the municipalities as a wholly local problem. While this phase of the situation would be improved by more nearly normal conditions, society cannot hope in any circumstances to be free of it all.

The third and, numerically, the most important segment of the problem is that arising from unemployment, and it is here

that a Government may be expected to initiate measures to provide jobs.

Unemployment may be overcome by one of two methods: by the construction of public works on a grand scale, sufficient to absorb many or most of those who are without work, but were previously engaged in private industry; or by the encouragement of trade and industry, with a consequent absorption of workers.

The Government intends to reduce the number of unemployed persons to some extent by carrying out public works, and by assisting other authorities where such works are at least to some degree economically sound, but it would be fatuous to expect to cure the present unemployment situation by these means. Preliminary figures for January show that there were 332,180 employable persons over 16 years of age receiving direct relief in Canada through the provinces and municipalities. Even if it were assumed that all these persons were able physically and otherwise to engage on public works—and certainly they are not—the cost of such a scheme of works to employ this number of persons would be stupendous; so great, indeed, that it is out of the question. But in addition to the 332,180 employable persons on relief, there would be unemployed persons who are not on relief, to the number of many thousands, and they too would have to be absorbed before the unemployment situation would be dissipated.

The alternative, encouragement to and development of trade and industry, holds practical promise, and in this direction the Government has already moved in the negotiation of a treaty with the United States and in the improvement of commercial relations with Japan. We hear much of our bountiful natural resources. Now is the time to develop them to provide employment. Too little thought in any organized way has been given to the possibilities which lie in this direction, particularly during the depression. In the meantime the National Commission will provide machinery for recommending ways and means of increasing employment in industry—the only practical method of really dissipating unemployment. Also, the Commission will be able to make careful and competent observations of the effectiveness of public works in easing unemployment.

Railway maintenance work, previously announced, may be cited as an example of where the Government proposes to assist in work of an asset value to Canada, and at the same time relieve unemployment. Ten thousand men from relief camps are to be placed.

Farm placement, even if bonuses are necessary, will be used where possible, but with discretion.

The Government proposes to support efforts of provinces so long as the unemployment relief load is beyond their fair capacity. It has always been recognized that relief of distress within their borders is primarily a provincial matter. It is only when the situation is beyond provincial capacity that the Dominion may, and must, share. The provinces and their municipalities have built up machinery, dating in many cases from long before this depression, to handle relief and provide work. They are close to the problem. It is well to utilize this machinery as much as possible. The present Bill provides for agreements with the provinces, so that, in general, provincial and municipal administration of relief will continue; and the way is open for co-operative action with respect to works.

The position of the public treasury is extremely difficult, and all measures to provide employment or relieve distress must be framed with that fact in mind. Nevertheless, the Dominion recognizes the difficulties of provincial and municipal authorities, and in recognition of their difficulties the Dominion grants in aid for relief purposes were increased by 75 per cent from the first of December to March, as a study of the conditions of the various provinces, at the Dominion-Provincial Conference and after, indicated that the then existing grants were wholly inadequate.

Right Hon. ARTHUR MEIGHEN: Honourable senators, in the few words which I shall now venture to address to the House I do not intend to emphasize the personal or constitutional responsibility of the leader of the Government in this House for the memorandum which he has just read. It was not difficult to observe the academic aroma that arose from every paragraph. If we have not yet had anything in the way of actual amelioration of financial and employment conditions in Canada, we certainly are getting professorial dissertations in abundance, and with them, I suppose, for a time at least, we shall have to be satisfied.

The speech of the honourable gentleman consisted first of an attempt to depict the virtuous and thoroughly constitutional character of this measure as contrasted with the vicious and sadly sinister character of the blank-cheque legislation of years gone by.

Hon. Mr. DANDURAND: I did not use that expression.

Right Hon. Mr. MEIGHEN: No; the expressions are mine. They are perhaps more

pointed and specific than the rather vague and valueless language in which the thought was expressed in the memorandum. But that was its purpose. I therefore intend, first of all, to analyse the difference between this legislation and that unconstitutional and autocratic stuff that we used to have to submit to.

I want to begin by pointing out that in the old legislation, as in this, the limitation of parliamentary vote prevailed. Nothing else is possible. The vote must be there. That limitation prevailed in other sessions and under other governments, just as it does today.

Hon. Mr. DANDURAND: By Order in Council, under the peace, order and good government provision.

Right Hon. Mr. MEIGHEN: Money cannot be paid out without having been voted. I shall come to the peace, order and good government nonsense very soon. I emphasize now that the same limitation prevails: the money must be voted.

"But," says the honourable member, "the great difference is this. Under this Bill you vote it only for relief. It is intended that it shall be for relief and nothing else; not for those terrible things known as peace, order and good government. We write a blank cheque for relief, but not for peace, order and good government." That is a fair expression of his position.

Hon. Mr. DANDURAND: I beg pardon. No money will be spent until it is appropriated by a special bill now before the House of Commons.

Right Hon. Mr. MEIGHEN: Certainly No money can be spent unless it is voted by a special bill.

Hon. Mr. DANDURAND: And earmarked.

Right Hon. Mr. MEIGHEN: Earmarked, of course.

This Bill merely provides that when the money is voted it can be applied for relief, but it contains no limitation in respect of relief. It is a blank cheque in respect of relief in the same sense that other bills were blank cheques in respect of other things. The honourable gentleman is entirely content with blank-cheque legislation as long as it is restricted to relief.

Hon. Mr. DANDURAND: I do not admit that.

Right Hon. Mr. MEIGHEN: The honourable gentleman could not admit that. If he did he would be called to account by the formulators of this humbug all over Canada. Nevertheless, it is the fact.

Now I am going to examine the legislation. I suggest first of all that there is no such restriction in it as has been intimated. Under this legislation the Government can do virtually anything at all. Let us read the Bill. It says:

> Whereas it is in the national interest that Canada should co-operate with its provinces and with certain organizations and individuals in their endeavours to expand industrial employment, to foster agricultural settlement and re-settlement, to conserve and develop natural resources and to construct and to assist in the construction of public works, for the purposes, amongst other things, of further accelerating the recovery of trade, industry and employment and thereby lessening the present governmental burdens consequent upon unemployment.

It can construct public works; it can establish settlement schemes; it can launch upon agricultural settlement and any other plans to develop the natural resources of Canada. All these things it can do so long as, among other things, they tend to the recovery of trade. I put it to the ingenuity of any honourable member of this House to suggest anything between heaven and earth that the Government cannot do under that provision. I speak pointedly now to the leader of the Government. Can he suggest to me anything between heaven and earth which the Government cannot do because it is not embraced in that objective?

Hon. Mr. DANDURAND: My answer is that when we receive the consequential bill, the Supply Bill containing the appropriations which will come under the direction of this Act, we shall see what are the limitations of the present Government.

Right Hon. Mr. MEIGHEN: I will tell the honourable gentleman now the form in which that Supply Bill will come: it will be for the administration and supervision of funds under the Act, and to assist in the relief of unemployment. That is how it will come. That is the way such a Bill always comes. Under this anti-blank-cheque legislation the Government is going to be empowered to spend in any way which in the wealth of its fancy it may deem to be right. Again I challenge any member of this House to invent in the depths of his resourcefulness any single thing that will not come within the purview of this legislation. It cannot be done. All the academic talk we are hearing about the immediate, intermediate and final objectives of relief measures, and the intermediate study of the subject, is just so much eye-wash to keep us satisfied until something practical takes place. The argument against blank-cheque legislation is now exploded and is

seen to be the veriest humbug and insincerity. It never had an atom of sincerity behind it. Fifteen years ago I heard it stated with just as great emphasis and with just as deep and malodorous insincerity as I have heard it during the last year. I hope I have heard the last of it.

What is the situation in Canada? Not more than two hours since I read that in this city of Ottawa the number of those on relief is from one thousand to two thousand more than it was a year ago—an increase of 5·5 per cent—and that the cost of sustaining that relief for the first three months of this year as compared with the first three months of last year has increased by 20·19 per cent. That is the situation existing three or four months after the arrival on the scene of North American affairs of this famous treaty with the United States to which the memorandum made reference, and three or four months after the new arrangement with Japan. Is Ottawa an exception? Is Montreal in a better position? Is Quebec? Is Toronto? There are multiplied numbers on relief and a multiplied cost of relief under the aegis of the settlement with Japan and the treaty with the United States, and we get learned dissertations on what will come after the subject is studied and reviewed.

I have no objection to this measure if it will arm the Government with any authority. I am not going to complain about any of its open features. Let it go. But I am one of those who would like something to be done, who would like some practical step to be taken to better things in this Dominion. When I heard the reference to a further study of the subject my mind went to the province of Alberta, where the leaders are yet studying their subject, and have gone just as far towards solution as has the Government here. I should like the leader of the Government in this House, when he returns to his colleagues, to tell them for goodness sake to get down to business and do something which will reduce the number of persons on relief, or which, if it will not reduce the number, will at least reduce the cost, so that we shall not have to stand here and observe close at hand an increasing number of poor fellows out of work and a still more rapidly increasing cost of maintaining them, while we have nothing but dissertations on an academic subject to take the place of a remedy.

Hon. Mr. DANDURAND: In reply to the right honourable gentleman I should like to state that when this Government came into office it faced the most important problem which my right honourable friend and his colleagues had to deal with for five years. The present Government made no promises. It simply said that it would apply its best efforts toward solving the problem with which it was confronted. I do not know of any country where the problem has been solved. It will be some time before the unemployed are reabsorbed into industry.

What will this Government endeavour to do? It will try by divers methods to obtain some results. It will do this not only by co-operating with the provinces and the municipalities, but also through the instrumentality of all employers of labour. The primary function of the commission which has been appointed and is to be organized will be to devise some means of interesting many thousands of manufacturers and other industrial and financial people in this problem in order that a goal may be reached as soon as possible. I have yet to meet the man who can say that that will be within three or six months.

Hon. Mr. LACASSE: That was said in 1930.

Hon. Mr. DANDURAND: The right honourable the ex-Prime Minister in 1930, not knowing exactly what was before him, made the statement—in good faith, I believe—that the difficulty would soon be settled. I am not sure that he did not say within six months. But he discovered, as did Mr. Hoover, that the distress was something more than a small national affair; that it had seized and gripped the whole world. We in Canada will do our level best to improve conditions, and I only hope we may achieve some results.

Hon. JAMES MURDOCK: Honourable senators, I am sure the right honourable the leader of the Opposition is sincere in expressing the hope—

Hon. Mr. LACASSE: You are more generous than he is.

Hon. Mr. MURDOCK: —that something concrete and definite may be done to relieve the unemployed or to lessen their numbers. I wonder, though, if we are not entitled to take into consideration anything that has happened during the last three or four months with respect to certain matters to which the right honourable the leader of the Opposition has referred. In another place, out of the 245 elected representatives of the people, there are about 180 who presumably were to do certain things promulgated or suggested by a certain party in a general election held some months ago. What co-operation and assistance have the unemployed people of Canada received at the hands of those who

in the last general election lost their all? Let us get down to brass tacks. I am quite sure the right honourable the leader on the other side is sincere, and I feel quite confident that there would have been no such demonstration as we have witnessed under this roof during the past three or four months if the right honourable gentleman had been leading the opposition. Opposition to what? To the efforts of the Government of the day to implement the suggestions or promises made in the last general election. I commend this thought to the honourable gentleman from Pictou (Hon. Mr. Tanner), who spoke on this subject a few days ago. Unquestionably the Government of the day had a mandate and a substantial majority to put into effect a trade treaty with the United States, but it has been argued day in and day out, for about five weeks. Check that for yourselves.

Right Hon. Mr. MEIGHEN: But the treaty has been in effect all the time.

Hon. Mr. MURDOCK: I know, but there has been continuous, never-ending opposition. Why? Because that was one of the first great works the Government was to perform in leading up to the altogether necessary relief of unemployment.

Then we come along to the Bill that proposed to form an employment commission of seven men. What kind of consideration or assistance did it receive at the hands of those who lost their all in the last general election? It was met with five weeks of opposition. Check up the dates.

And now we come to this Bill 19, which is another proper step in the formative plan the Government has in mind for doing something concrete and definite. There is still more delay. I understand that in another place another Bill is in a similar position.

Let us place the responsibility where it belongs. In my judgment it belongs purely and simply to the poor losers—am I justified in using the expression?—who are squealing, resentful of the result of October 14 last, and are hoping and praying, and leaving no stone unturned, that this Government may be prevented from doing some of the things it has undertaken to do. If there had been no opposition in another place the Employment Commission Bill would have gone through, as it should have done, in a week or ten days. If the Government had had its way, this Bill would have been passed long since and given Royal Assent before the Easter recess. But, as I understand it, the Government has not been able to do some of the things that it contemplated doing. Why? Simply because a dissatisfied Opposition has been delaying the measure and preparing an argument for future use.

I had hoped that in the course of the next day or two I could obtain some concrete figures which might show that the unemployment situation in many other places is not comparable to that in Ottawa. As a resident of Ottawa I think there is a reason for that. But these figures can be secured by the right honourable leader on the other side, and any other honourable member, just as well as by myself.

If we are all sincerely desirous of putting the Government in a position to do something for unemployed men and women, as I hope and think we are, let us get behind this legislation; let us give the Government an opportunity to put it into effect and have something done.

Right Hon. Mr. MEIGHEN: If the House will permit me, I would point out to the honourable gentleman that it is not always open to a Government to attribute its impotence to the Opposition. A Government supported by about 180 members and opposed by only about 40 is not in the best position to say, "We would do a great deal only for those naughty forty." In such circumstances, under the rules of the House, legislation can be put through speedily enough to meet the desires of its most eager supporters. But I venture to suggest that it will be a long time before unemployment is reduced by such legislation as this, however rapidly it may be passed.

While I am on my feet I want to compliment the Government on the appointment of Mr. Purvis as head of the Employment Commission. I know something of his ability and of the earnestness he will put into the effort to solve the unemployment problem. I am not aware that a better selection could have been made. But were he a member of the Administration and armed with powers to act and to effect results, I should feel vastly more confident than I can feel even of him within the ambit of the Employment Commission Bill.

Hon. Mr. MURDOCK: I wonder if I might be permitted to add one further remark, having regard to a statement made by the right honourable gentleman. I think he will agree with me that the Government could not have moved any faster unless it resorted to closure.

Right Hon. Mr. MEIGHEN: What is the matter with that?

Hon. Mr. MURDOCK: It is very undemocratic and is not usually considered Liberal.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MURDOCK: One of the principles of Liberalism, as I understand it, is—

Right Hon. Mr. MEIGHEN: To talk.

Hon. Mr. LACASSE: And let talk.

Hon. Mr. MURDOCK: —to give the other fellow an opportunity to express his views. Forty members can take up a lot of time in another place. Look at the record and see how well they did.

Hon. Mr. TANNER: There is a recent development of that principle. You give a man the opportunity to talk, and if he does not talk the way you want him to, you tell him to get out. That is how they do it in Ontario.

Hon. Mr. DANDURAND: I desire to state that I highly appreciate the commendatory remarks made by the right honourable gentleman with respect to the choice of Mr. Purvis as Chairman of the Employment Commission. I have known that gentleman for some time and respected him for his experience, his character and his public spirit. I believe he will put his whole soul into the effort to solve the problems with which he will be faced.

Hon. Mr. BALLANTYNE: Honourable senators, may I also say a word with reference to Mr. Purvis? Having served for the last twenty-seven years on the board of the company over which he presides, Canadian Industries Limited, I have the honour to be the senior director of that company. It is the largest Canadian industry and its undertakings are more diversified than those of any other corporation in the country. I am sure the Government appreciates the fact that the company's directors made a great sacrifice in agreeing to let Mr. Purvis take this position. He is a young man, only forty-five years of age, but he is the best qualified and most able business man of whom I know in Canada. If he is given an opportunity he will, I am sure, do a splendid job.

Hon. Mr. HARDY: Is this Mr. Purvis one of the gentlemen to whom an honourable senator on the other side wanted to pay about $3,400 a year for his work?

Hon. Mr. COTE: Yes. But he is working for nothing at all.

Hon. Mr. BALLANTYNE: I might add that Mr. Purvis has accepted the position on the distinct understanding that no remuneration is attached to it.

Hon. Mr. MURDOCK.

Hon. Mr. HARDY: When the Employment Commission Bill was before us an honourable gentleman on the opposite side wanted to have the total remuneration for seven men of this class limited to $25,000 a year. At that time doubt was expressed whether we should be able to find in this whole Dominion seven men who could capably handle this big job. I think the fitness of the first appointee is obvious. It must be a great satisfaction to the Government to have its selection commended so highly from the front benches of this House.

Hon. JOHN T. HAIG: Honourable senators, I should like to ask the honourable leader of the House what the Government intends to do with regard to unemployment in our larger cities. In a newspaper the other day I noticed it was suggested that unemployed single men were to be taken out of the camps and placed at work on railways. May I remind the honourable leader that in the city of Winnipeg alone there are 6,000 families and more than 4,500 single men now on relief? During the Easter recess I visited the two places where the single men are fed. One place looks after about 4,000, who are Winnipeg residents, the 500 transients being cared for separately. Although I read carefuly all that I could see in the newspaper with regard to the discussion in another place, I could find no reference to any intention to provide relief for these people.

It has been suggested to me that the cities cannot bear the relief burden much longer. In the municipalities of the West—I do not know about other parts of Canada—the cost of relief is borne largely by property owners. For instance, in Winnipeg, Brandon, Regina, Saskatoon, and other such cities, the chief source of revenue is the tax on land. Last year Winnipeg paid about $2,000,000 as its share of relief, and none of that money was provided for in the municipal budget. It has been said that the Province of Manitoba, which spent $3,000,000 on relief last year, balanced its budget; but it did so only by charging that expenditure on unemployment relief to capital account.

I want to warn the Government that these Western cities cannot carry this relief load any longer without assistance. Unless the Government bears a larger part of the burden we shall find municipalities like Winnipeg, Regina, Saskatoon, Calgary, Edmonton and Vancouver going into default. I am not speaking for the East, but from what I have read in municipal reports there are

more defaulting municipalities in Ontario than in any other part of Canada.

The honourable leader of the House has said that the United States agreement would help to diminish unemployment. Western newspapers tell their readers that the agreement will be of assistance to dairy producers and cattle raisers. It will not benefit grain growers. And it is said that production costs will be reduced because implements will be imported from the United States; but if that is done a number of factories in Ontario and elsewhere will have to lay off men.

My honourable friend has said that industrial revival will take care of many people at present not employed. In Winnipeg, which is the third manufacturing city of Canada, a number of factories have carried staffs larger than they need; so there would have to be a very large increase in production before it became necessary to add to personnel.

It has been suggested that the Government should seriously consider lowering the age at which people become eligible for old age pensions. That may sound unorthodox in a House of this kind, but candidly I do not see how men who were forty-five or fifty in 1930 can ever hope to be taken back into industry. In 1929 twenty per cent of the people employed in Winnipeg were railway workers. There is nothing in this legislation that helps the elderly unemployed in the least.

The people of the West ask that the whole burden of relief be taken over by the Government. If that is not done there will be default on the bonds of other provinces besides Alberta. Unless the Government assists Manitoba, that province will have to default; and if no money is lent to Winnipeg, that city too will have to default.

The honourable senator from Parkdale (Hon. Mr. Murdock) made what sounded to me like a political speech. It reminded me of the old days when I was in the Legislature. However, that is not the point about which I am concerned. The important thing is that in Winnipeg there have been 6,000 heads of families on relief for a long time, and relief costs are going up. At the outset unemployed people needed to be given only food; later on they required shelter, and then clothes; and now it has become necessary to replace household utensils. Many a man in Winnipeg who three years ago said he would not go on relief has been forced to take that step. And I want to tell this House that the unemployment outlook in that city is worse than it was a year ago.

My honourable friend from Parkdale also said that the Government had so far not been able to do what it wanted to do. But it could have proceeded under the old legislation, up to the 31st of March, and in fact it did make use of that old legislation to some extent, as the honourable leader of the Government pointed out.

Here are some questions I should like to ask. What are the property owners going to do in those cities which cannot carry the load any longer? What plans has the Government for relieving unemployment among older people who have got out of work in the last five or six years? If you will pardon a personal reference, I may say that I am the president of a construction company. Just before I left Winnipeg the manager of the company told me he could build a certain number of houses in Winnipeg if he were able to get loans. Someone may say that the Government has a housing scheme in operation, but the trouble is that the people out there find the terms for borrowing are too severe. The only way in which a housing scheme can be made effective in Western Canada is for the Government to lend the money direct, and if that were done more employment would be made available than through any other channel.

My real purpose in rising was to warn the Government that it must carry the whole load of unemployment relief if the credit of Western provinces and municipalities is to be saved. It may be that an increase in trade will bring about some increase in employment. Apparently the present Administration thinks that the whole problem could be solved by expanding trade. That may be true, and I hope it is; but I do not see how we can have increased trade when Germany is arming to the teeth, when France is doing the same, when Great Britain is spending more money on armaments this year than ever before, when Russia, Italy and Japan are all enlarging their armies and navies. How can we build up business with Germany, for instance, when the people of that country know that they lost the last war because their countrymen who stayed at home were starved almost to death? They are determined not to be caught in that position again; so they are stimulating home production. I think it must be realized that no matter how strongly we hold to the belief that decreased tariffs will bring increased trade, which is apparently what the present Government believes, the theory will not work out satisfactorily with world conditions as they exist at the present time.

It is our duty to try to realize the unfortunate position in which unemployed Canadians are to-day. If we do not do something for them they will be ruined. Young men and young women are growing up without hope. I know of many of them, and know how unpromising the future appears to them. A farmer friend of mine who cultivates 1,900 acres of land used to employ twenty men on his farm at this time of year. A week ago he was in my office and said to me: "Jack, I am buying a tractor. With it one man can do the work of seven." So he will require six fewer workers on that one farm. That kind of thing is going on all over the country, in factories and on farms.

I hope the Government will realize the situation that confronts the Western Provinces. The Prime Minister of Manitoba, the Minister of Public Works and the Provincial Treasurer are now in the city looking for money to finance relief; I understand the Prime Minister of Saskatchewan was here a few days ago, and the Prime Minister of British Columbia before that; and I have heard that the Prime Minister of Ontario is here or hereabouts to-day. I am not concerned so much about what these provincial representatives are demanding. The fact remains that the only way to handle the relief problem is to have the Dominion Government assume the whole burden. If that is not done, the credit of the provinces and municipalities, and finally of the Dominion, will go down.

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

BANKING AND COMMERCE COMMITTEE

Hon. RAOUL DANDURAND: Honourable members, in the Committee on Banking and Commerce we are studying a Bill of some importance. We sat until 1 o'clock to-day. Parties interested in the measure are ready to appear before the committee. I suggest that we suspend the sitting of the Senate until 8 o'clock, and so enable the committee to dispose of the Bill to-day.

Right Hon. Mr. MEIGHEN: What business is to be taken up to-night?

Hon. Mr. DANDURAND: There is but one matter—resuming the adjourned debate on the inquiry by Hon. Mr. Hardy. I moved adjournment of the debate yesterday. I am ready to proceed this evening.

Right Hon. Mr. MEIGHEN: I have made my contribution.

Hon. Mr. DANDURAND: Then we may as well call it 6 o'clock.

At 6 o'clock the Senate took recess.

The Senate resumed at 8 o'clock.

CENTENARY OF RISING IN UPPER CANADA

INQUIRY AND DISCUSSION

The Senate resumed from yesterday the adjourned debate on the inquiry by the Hon. Mr. Hardy:

That he will call the attention of the Senate to the fact that the year 1937 marks the 100th anniversary of the rising in Upper Canada (now Ontario) under William Lyon Mackenzie, which with the concurrent one in Lower Canada, directly led to the establishment of responsible government in Canada, and that he will inquire of the Government as to whether it will give some official recognition thereto.

Hon. RAOUL DANDURAND: The answer of the Government to the inquiry by the honourable gentleman from Leeds reads as follows:

Although recognizing the truth of the statement of fact set forth in this inquiry, which in all justice should have contained also the name of Louis Joseph Papineau, the Government as at present constituted is precluded from taking any initiative in this matter as suggested or implied by the honourable gentleman's question.

That is the attitude of the Government, but it does not preclude me from expressing my personal views. I have listened with considerable interest to the speeches of my honourable friend from Leeds and my right honourable friend who leads the other side of the House (Right Hon. Mr. Meighen). The events of 1837 have always profoundly interested me, and I seize this opportunity to discuss them.

Some time between 1763 and 1789 there was in one of the departments of the British Government an astute gentleman who wrote to the Home Secretary drawing his attention to the danger of according the colony of Canada any measure of self-government. He said: "If you do grant the colony any kind of representative government you will be in danger of its breaking away in the near or distant future. You should make up your mind to govern the colony from London. If you do not do so, it will soon be your colony no longer." Up to that time colonies, not only of Great Britain, but of other countries as well, were acquired to be exploited.

On October 20, 1789, William Wyndham Grenville, a cousin of William Pitt, in his capacity of Secretary of State for the Home Department, addressed a dispatch to Lord Dorchester, the then Governor General of Canada, informing him "of the intention of His Majesty's servants, with respect to the plan to be proposed in Parliament for altering the present Constitution of Canada." I am quoting Doughty and McArthur's Constitutional Documents at page 969. With the dispatch Grenville sent a "Discussion of petitions and counter-petitions re change of government in Canada." These petitions related to a modification of the Act of 1774.

In the Discussion I find this passage:

> It may perhaps be justly doubted whether any form of administration which could now be established would prevent the separation of so great and distant a dominion after it should have arrived at a certain point of extension and improvement.
>
> But the real question now to be decided is, what system is best calculated to remove this event to a distant period and to render the connection, in the interval, advantageous to the Mother Country without oppression or injury to the colony?

A little further on is this paragraph:

> The establishment of a separate and local Legislature in a distant province under any form or model which can be adopted for the purpose, leads so evidently to habitual notions of a distinct interest, and to the existence of a virtual independence as to many of the most important points of government, that it seems naturally to prepare the way for an entire separation, whenever other circumstances shall bring it forward.

In spite of these misgivings the Constitutional Act of 1791 was passed. Grenville and the other gentleman to whom I have referred, whose name I do not recall at the moment, were quite logical. Nevertheless an attempt was made to grant a form of representative government which would strengthen the ties between Great Britain and the colony. I have no hesitation in saying that it was a sham. The Assembly was elected by the people, but it was held in check by the Legislative Council. The appointed Executive was answerable to the Governor. Above all was the Governor, and he was directly under the control of the Colonial Secretary. In fact, down to 1841 the sole authority was to be found in Downing Street.

It soon became evident that the gentlemen to whom I have referred were correct in their surmise that there would be a desire for real representative government, and before long the struggle began.

Lord Durham, who came here in 1838, states in his report:

> It is difficult to understand how any English statesman could have imagined that representative and irresponsible government could be successfully combined.... It has never been very clearly explained what are the Imperial interests which require this complete nullification of representative government.

That state of mind in Downing Street was all the more surprising since the desire to control the New England Colonies had brought about the American Revolution.

Speaking of the Executive Council, Lord Durham said:

> The real advisers of the Governor have in fact been the Executive Council, and an institution more singularly calculated for preventing the responsibility of the acts of government resting on anybody can hardly be imagined.

Apparently, free institutions were not an exportable commodity.

The situation was bound to end in an explosion of some kind. The Lower Canada Assembly had sent a list of grievances to London, and a royal commission consisting of Lord Gosford, Sir Charles Grey and Sir George Gipps was appointed to inquire into them. While they suggested some reforms, they clearly reported against a responsible executive. Lord John Russell, acting upon that report, but going further than it recommended, submitted to the British Parliament resolutions giving favourable answers to some of the demands. But one resolution, dealing with responsible government, read as follows:

> That while it is expedient to improve the composition of the Executive Council in Lower Canada, it is unadvisable to subject it to the responsibility demanded by the House of Assembly of that province.

While that was in reply to the appeal from the Assembly of Lower Canada, it also applied to the similar appeal from Upper Canada.

In bringing his resolutions before the House of Commons, Lord John Russell said:

> That the demand for an Executive Council, similar to the Cabinet which exists in Great Britain, sets up a claim for what is incompatible with the relations which ought to exist between the colony and the Mother Country.

And he added:

> These relations require that His Majesty should be represented in the colony not by ministers, but by a governor sent out by the King, and responsible to the Parliament of Great Britain.

The resolutions authorized the seizing of funds in the hands of the Receiver General of Lower Canada and the applying of them to certain purposes, for which the Assembly would not grant them unless reforms were effected.

Mr. Hume, who spoke after Lord John Russell in the House of Commons, expressed fear that a war might ensue. He said:

If the Canadians did not resist they would deserve the slavish bonds which the resolution of Lord John Russell would prepare for them.

Hume's prediction came true. A formidable agitation developed, and indignation meetings were held from one end of Quebec to the other. There was a similar and concurrent agitation throughout Upper Canada. Warrants for treason were issued against leaders of the popular Assembly in Lower Canada. Then came the uprising, and at last British authorities had to take notice of what was going on.

They sent out to Canada as Governor a statesman, Lord Durham, who had played an important part in the public life of Great Britain and who in the House of Commons had advocated advanced reforms. Of his recommendation that the French majority in Lower Canada be sacrificed by a merging of the peoples of the two Canadas I will only say that he purposely advised a cruel step, but he considered it to be necessary in order that within a generation or two the French Canadians might be transformed into part of a big Anglo-Canadian population in the united province.

Lord Durham suggested a confederation of the British North American colonies. Had he lived until 1867 he would have been surprised and happy to see his dream come true; and had his life been spared for another thirty years, that is, until 1897, he would no doubt have been a witness to the fact that at Queen Victoria's Diamond Jubilee celebration this proud Dominion of Canada was represented by a Canadian of French origin, whose name was Wilfrid Laurier.

Right Hon. Mr. GRAHAM: Hear, hear.

Hon. Mr. DANDURAND: That effort of his to merge the two races and wipe out the separate identity of one of them proved abortive. However, I will not say more along that line, for I intend to limit my remarks this evening to the uprising in the two provinces, and its consequences.

Speaking of Upper Canada, Lord Durham said, at page 111 of his report:

It cannot be denied, indeed, that the continuance of the many practical grievances, which I have described as subjects of complaints, and, above all, the determined resistance to such a system of responsible government as would give the people a real control over its own destinies, have, together with the irritation caused by the late insurrection, induced a large portion of the population to look with envy at the material prosperity of their neighbours in the United States, under a perfectly free and eminently responsible government; and in despair of obtaining such benefits, under their present institutions, to desire the adoption of a republican constitution, or even an incorporation with the American union ... I cannot but express my belief that this is the last effort of their exhausted patience, and that the disappointment of their hopes, on the present occasion, will destroy forever their expectation of good resulting from British connection.

If now frustrated from their expectations and kept in hopeless subjection to rulers irresponsible to the people, they will at best only await, in sullen prudence, the contingencies which may render the preservation of the province dependent on the devoted loyalty of the great mass of its population.

Lord Durham was succeeded as Governor General by Charles Poulett Thompson, the future Lord Sydenham. In a letter addressed to a friend in England in November, 1839, which appears in Scrope's Life of Lord Sydenham, page 148, after referring to the situation in Lower Canada he said:

In Upper Canada the case, as it appears to me, is widely different. The state of things here is far worse than I had expected. The country is split into factions animated by the most deadly hatred of each other. The people have got into the habit of talking so much of separation that they begin to believe in it. The Constitutional party is as bad or worse than the other, in spite of all their professions of loyalty. The finances are more deranged than we believed even in England; the deficit, 75,000 pounds a year, more than equal to the income. All public works suspended. Emigration going on fast from the province. Every man's property worth only half what it was. When I look to the state of government, and to the departmental administration of the province, instead of being surprised at the condition in which I find it, I am only astonished it has endured so long. I know that, much as I dislike Yankee institutions and rule, I would not have fought against them, which thousands of these poor fellows, whom the Compact call "rebels," did, if it was only to keep up such a government as they got.

As the Governor needed the assent of the Upper Canada House of Assembly to the union, and the assent of the special Council established in Lower Canada after the suspension of its constitution, he wrote in December, 1839:

It is impossible to describe to you the difficulties I have had to contend with to get this matter settled as it has been in the Assembly. I owe my success altogether to the confidence which the Reform party have reposed in me personally, and to the generous manner in which they have acted with me. A dissolution would have been greatly to their advantage, because there is no doubt they would have had a great majority in the next Assembly; and it must have been most galling to them to see me, as well as themselves, opposed by a number of the place-holders without my turning them out. But they gave up all these con-

siderations (and in this country where the feeling of hatred to the Family Compact is intense, they are not light) and went gallantly through with me to the end.

At last there was a new constitution, the Union Act of 1840, bringing with it responsible government. In the first session Robert Baldwin was called to the Executive, but he resigned, dissatisfied with its constitution. In the session of 1841 he moved resolutions asserting the principle of responsible government. As my honourable friend from Leeds (Hon. Mr. Hardy) has said, the Provincial Secretary, S. B. Harrison, moved in amendment resolutions which were unanimously adopted, one of which reads as follows:

That in order to preserve between the different branches of the provincial parliament that harmony which is essential to the peace, welfare and good government of the province, the chief advisers of the representative of the Sovereign, constituting a provincial administration under him, ought to be men possessed of the confidence of the representatives of the people, thus affording a guarantee that the well-understood wishes and interests of the people, which our gracious Sovereign has declared shall be the rule of the provincial government, will, on all occasions, be faithfully represented and advocated.

Not only was this resolution approved by Lord Sydenham, but it seems to be well established that it was drafted by him.

Now I would ask my honourable friends to bring together and compare side by side Lord John Russell's resolution of March, 1837, which curtly refused responsible government, and the resolution of September, 1841, of the House of Assembly under the union of the two Canadas, which clearly recognized responsible government. What had been the cause of this sudden reversal of policy after years of obstinate refusal, if it was not the rising in Lower and Upper Canada? The principle contained in that resolution which was proclaimed by the Assembly had to be applied in practice to all the legislative enactments and all the actions of the Executive. It was not all plain sailing. The machinery to be set up as representing responsible government had to be set in motion. May I not affirm that the credit for bringing about uniform and regular practice is due to the reformers who led the fight during the first years of the union of the Canadas?

A monument has been erected on Parliament Hill to Baldwin and Lafontaine. I confess that I should have liked to see the figure of Lord Elgin appearing between them, because it was due to his understanding of what the relations between the Governor and his Executive must be that after 1848-49 the principle of responsible government was carried into every act of the Government.

I have another regret to voice. It is that the pioneers and the leaders in the struggle which gained for us responsible government—Papineau and Mackenzie—had not been first honoured by the erection of a monument to their memory as a just testimonial from a grateful people. They won for us the cherished liberties which we enjoy, and—may I emphasize this fact—they won for the Crown the affection of a nation which was drifting away in sheer desperation.

Why this neglect on the part of our contemporaries? Is it because these men were called rebels and that a price was put upon their heads? According to all I have learned from my reading of the traditional doctrine of the right to rebel, it would appear that the sole justification is success. Success implies that the will of the people has asserted itself. Yet the will of the vast majority of the people may be thwarted by an armed force. In 1837 a vast majority of the people in the two Canadas were undoubtedly with Papineau and Mackenzie, and although they were temporarily held in check, they won their fight for free institutions. If they are to be judged by the most severe orthodox doctrine on the right of rebellion, surely success is their justification.

It is my fervent hope that the present generation will express its wish that a monument be erected on Parliament Hill to these two indomitable tribunes of the people, and that the names of the men who mounted the scaffold to expiate the crime of having loved their country too well will be inscribed thereon. As a poet has aptly said, "There are scaffolds that are pedestals."

Hon. RUFUS POPE: Honourable senators, I am delighted to have listened to the oration delivered by my honourable friend opposite. I am much pleased to know that the mover and the endorser of a rebel proposition in Canada are on the other side of the House.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. POPE: It is a great compliment to them.

Hon. Mr. MOLLOY: Hear, hear.

Hon. Mr. POPE: There is another howling element from Manitoba.

Hon. Mr. MOLLOY: You should be ashamed to make such a statement.

Hon. Mr. POPE: If I should be ashamed, how should you feel?

Hon. Mr. MOLLOY: I should feel proud, as I do now.

Hon. Mr. POPE: Ashamed! Ashamed!

Go through the whole history of the world up to that time and you will find that by 1837 the process of government, of the administration of public affairs, had been changed very much. What was needed to bring about redress was not rebellion, not the action of men of extreme views, but reasonable pressure.

I do not care to whom you would put up a monument: the idea of placing a monument on Parliament Hill for these people does not appeal to me when we have forgotten to raise monuments to many men who played important parts in the development of the Dominion of Canada. Those rebels are to have a monument, you say. If they are, I would suggest that, as the present Prime Minister is related to one of them, you should place him between them, with a hand on the shoulder of each, and say, "God bless you for having lived in the days gone by!"

Right Hon. GEORGE P. GRAHAM: Honourable members, the remarks of my honourable friend from Bedford (Hon. Mr. Pope) impel me to say a word. All my life I have made a hobby of Canadian and British history. A few days ago I read a book on Oliver Cromwell. I venture the assertion that if it were possible for the Family Compact to be restored to authority and to be present to-night in this Chamber, every honourable member, my honourable friend not excluded, would play the role of Oliver Cromwell and throw them out.

Hon. Mr. POPE: Some of them, yes. I know whom I would start to throw out.

Right Hon. Mr. GRAHAM: The honourable gentleman would not get far.

Hon. Mr. DANDURAND: If my remarks close the debate—

Hon. A. C. HARDY: Honourable members, in closing the debate may I say that I am quite satisfied with the decision of the Government as stated by the leader of the House. I foresaw from the beginning that the right honourable Prime Minister, being also a grandson of the so-called rebel, would be placed in an invidious position if his Administration inserted an item in the Estimates to cover the cost of a monument to his grandfather. I think I can, however, assure this honourable House that a memorial to William Lyon Mackenzie will be erected in Ontario in 1937 or 1938. I trust that some of our French Canadian friends in the province of Quebec will similarly honour their great leader Louis Joseph Papineau.

I am sorry the right honourable leader on the other side (Right Hon. Mr. Meighen) is not in his seat. I wish to thank him for the kind way in which he dealt with my remarks. He said I had not justified the rebellion. But I was at a disadvantage yesterday, for had I recited the long list of the people's grievances in 1837, I should have run counter to the very statement I made at the outset of my remarks, that I did not desire to touch on any controversial subject which might arouse ill-feeling. However, I thank my honourable leader for having so ably come to my assistance to-night.

Yesterday my honourable friend from Pictou (Hon. Mr. Tanner) told us about Joseph Howe's struggle for responsible government. We all know that he was one of the greatest of our early Canadians and in 1836 was fighting for responsible government in Nova Scotia, just as Mackenzie and Papineau were fighting for it in Ontario and Quebec in 1826. As my honourable friend pointed out, his province was granted responsible government in 1846, three years before Ontario reached the same goal.

But I disagree with my honourable friend's statement that there was no rebellion in Nova Scotia. True, the Nova Scotians did not actually rebel. They were canny Scots, and knew what was going on in Ontario, their leaders being in constant communication with the leaders in this province. Certainly they were not going to spend their five-shilling pieces, to say nothing of risking their necks, when their brothers in Ontario and Quebec were in open rebellion. Nova Scotia took advantage of what was done in the central provinces—and they have been doing so ever since. I admire them all the more for it. There never was a time when our Nova Scotian friends did not know the very best way to turn a bargain in their favour. The same remarks apply to New Brunswick. Of course, I am speaking jocularly about the thriftiness of our Maritime friends.

It is only fair for me to point out that at the beginning of the nineteenth century strong British garrisons were maintained in New Brunswick and Nova Scotia, and the authorities could have crushed a rising within twenty-four hours. I do not think our Nova Scotian friends can plume themselves on being Simon Pure loyalists, for undoubtedly in those turbulent days nine-tenths of the people of Nova Scotia were eager for responsible government. They simply waited to see what would happen to the fellows in Ontario before they themselves took extreme action.

Hon. Mr. TANNER: That will be great news for Nova Scotia.

Hon. LOUIS COTE: Honourable members, yesterday I listened with great interest to the speech of the honourable member from Leeds (Hon. Mr. Hardy), and to-night I have followed with close attention the well-documented address by the honourable leader of the Government (Hon. Mr. Dandurand).

I associate with the rebellion of 1837 not only its leaders in the two provinces, but also those who for twenty-five or thirty years before carried on the fight for responsible government in the Legislatures of Upper and Lower Canada, and I think we should pay tribute to their untiring efforts.

Personally I have never regarded the leaders of the rebellion of 1837 and their associates as rebels. Reading the history of those days, I long ago came to the conclusion that their act was not a repudiation of allegiance to their King, but rather an expression of the anger, and the justified anger, of men born to be free and eager to enjoy responsible government.

I fully appreciate the propriety of the Government's decision as expressed through its leader in this House to-night when he said that the Administration as constituted could not take part in any manifestation of approbation of the leaders of the rebellion of 1837. However, I think we who to-day enjoy to the fullest extent the bounty of British parliamentary institutions would be ungrateful if we were to refuse our personal tribute to those whose toil and sacrifice brought about the happy condition which prevails to-day.

I have made these brief remarks because I did not think it at all fitting that the words of gratitude and admiration which we owe to those men of a century ago should come only from one side of this House.

The Senate adjourned until Tuesday, May 5, at 3 p.m.

THE SENATE

Tuesday, May 5, 1936.

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

Prayers and routine proceedings.

SALE OF GOVERNMENT SHIPS

ANSWER TO INQUIRY

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, before the Orders of the Day are called I desire to give to my honourable friend from Alma (Hon. Mr. Ballantyne) an answer to the inquiry he made at the last sitting. I may inform the honourable gentleman that the Government has sold to the Ellerman & Bucknall Steamship Company, Limited, Commonwealth and Dominion Line, Limited, and the New Zealand Shipping Company, Limited, the ten remaining vessels of the Canadian Government Merchant Marine which have been operating in the Australia and New Zealand service. It is the intention of the new owners to scrap these vessels and to provide faster and more suitable boats for the Australian services, which they have agreed to maintain for a period of at least five years without any subsidy. They have also agreed to take over the staffs and crews of the Canadian Government Merchant Marine, afloat and ashore.

The Canadian Government Merchant Marine management having advised the Government that the vessels in question were nearing the end of their usefulness, and that an expenditure of between five and six million dollars would be necessary for the construction of new boats if the services were to be maintained, the Government considered it advisable to dispose of this residue of the original fleet of more than sixty ships constructed by Canada after the Great War. The sale was recommended by the Board of Directors of the Canadian Government Merchant Marine (who are also the Trustees of the Canadian National Railways) by resolution of the Board of April 18 last.

While the operation of these vessels in 1935 had resulted in a small operating surplus, there has been an annual operating deficit from 1921 to 1934, inclusive, the total operating deficit over that period having amounted to $11,064,725. In view of these heavy deficits and the necessity for further extensive capital expenditures if the Australian services were to be maintained, the Government considered it in the public interest to accept the offer of these Australian shipping firms, who, as already stated, are undertaking to provide an improved service without subsidy.

The ships which are being disposed of should not be confused with the Canadian National (West Indies) Steamships, Limited, which are a separate concern. It is the present intention of the Government to continue the operation of these vessels.

I desire also to lay on the Table a copy of the form of agreement of sale, and a copy of the Order in Council concurring in the sale.

Hon. Mr. BALLANTYNE: What was the price?

Hon. Mr. DANDURAND: I will give the names of the ships and the price of each.

Hon. Mr. BALLANTYNE: Can you give the total?

Hon. Mr. DANDURAND: The figures are not totalled here. The names of the ships and the sale price of each are as follows:

Name of ship—	Sale price
Canadian Cruiser	$50,077
Canadian Constructor	50,077
Canadian Challenger	40,013
Canadian Highlander	40,013
Canadian Britisher	40,013
Canadian Leader	40,013
Canadian Scottish	40,013
Canadian Conqueror	39,823
Canadian Victor	39,823
Canadian Planter	40,061

I am under the impression that yesterday one of those ships was sunk. If the contract of sale had not been signed we should have the advantage of the insurance. I understand that the Canadian Government Merchant Marine sets aside a fund to cover such losses.

Hon. C. C. BALLANTYNE: Honourable senators, I thank the honourable leader of the Government for the information he has just furnished to the House. Though I do not claim to be a shipping expert, I am amazed that the Government sold these ships at such an extraordinarily low price. Altogether—

Hon. Mr. DANDURAND: I beg my honourable friend's pardon, but if he intends to speak on this matter—

Hon. Mr. BALLANTYNE: I shall be about five minutes.

Hon. Mr. DANDURAND: Then I would ask him to give notice, so I may be in a position to answer him.

Hon. Mr. BALLANTYNE: The price appears to me to be extraordinarily low, in view of the details which I intend to give to the House in a moment. I must congratulate Mr. Reford and his associates on their business shrewdness in negotiating such an advantageous bargain. I may say that Mr. Reford approached the former Prime Minister and also Dr. Manion with an offer to purchase the ships, but his price was so very low that the Government declined to sell. I have been informed by two good steamship men that the ships could have been sold in the open market for double the price paid by Mr. Reford, and that even on a scrap basis a much better price could have been obtained.

Let me give details of the fleet. Canadian Britisher, Canadian Challenger, Canadian Constructor, Canadian Cruiser and Canadian Highlander are oil and coal burners; Canadian Conqueror, Canadian Leader, Canadian Planter, Canadian Scottish and Canadian Victor are coal burners.

Hon. Mr. DANDURAND: I would again remind my honourable friend that it is somewhat irregular to make a statement which may lead to a debate when there is nothing before the Chair.

Hon. Mr. BALLANTYNE: The rules of this House are so broad and elastic, as compared with those of the other House, where I have had more experience, that I consulted the Clerk to know what latitude might be expected on such an occasion as this, and he told me it would be all right for me to proceed. In the other House under similar circumstances I should be out of order. However, as the honourable leader is invoking the rigid rule of the other House, I am perfectly willing to accept his suggestion.

Hon. Mr. DANDURAND: Oh, no, I am not changing the rule. I would remind my honourable friend that no debate is in order on an inquiry. If on asking his question he had given notice that he would call attention to the subject-matter of his inquiry, he would now be in order. He did not do so. Across the Chamber he put to me his question. I have just answered it.

Hon. Mr. CASGRAIN: May I ask the honourable gentleman opposite if he would be good enough to give notice, as I also have something to say about the matter?

Hon. Mr. DANDURAND: Order.

Hon. Mr. CASGRAIN: The honourable gentleman from Alma was out of order, and now the honourable leader of the House is also out of order, as I have the floor for the time being, with the leave of the House.

Hon. Mr. DANDURAND: No; I have called the honourable gentleman to order.

Hon. Mr. CASGRAIN: Will the honourable senator from Alma give notice that he intends to call attention to the subject-matter of his inquiry?

Hon. Mr. BALLANTYNE: I am just going to do that. With the consent of the House, I should like to speak to this matter to-morrow, and I now give notice accordingly.

PRIVATE BILL

THIRD READING

Bill C2, an Act respecting Thousand Islands Bridge Company.—Hon. G. V. White.

UNEMPLOYMENT RELIEF AND ASSISTANCE BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 19, an Act to assist in the relief of Unemployment, the promoting of Agricultural Settlement and Rehabilitation, and in the Development, Conservation and Improvement of certain natural and other resources.

Right Hon. Mr. MEIGHEN: May I ask the honourable leader what is the idea of such a lengthy title?

Hon. Mr. DANDURAND: I did not do the drafting.

Right Hon. Mr. MEIGHEN: Advertising.

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

INDIAN BILL

CONSIDERED IN COMMITTEE

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

Hon. Mr. Robinson in the Chair.

Section 1 was agreed to.

On section 2—laws for preventing diseases; laws respecting motor vehicles:

Hon. Mr. DANDURAND: Honourable members, there was one thing upon which my right honourable friend (Right Hon. Mr. Meighen) and I agreed when we were discussing this Bill on the second reading, namely, that the second clause should be redrafted. It has since been found that section 69 of the Act, which covers the matter contained in section 2 of this Bill, should be redrafted completely. Will my honourable friend from De Lanaudière (Hon. Mr. Casgrain) move for me that section 2 read as follows?

Section sixty-nine of the said Act is repealed and the following is substituted therefor:

(1) The Superintendent General, subject to the approval of the Governor in Council, may, as in this section provided, make regulations which, upon publication thereof in the Canada Gazette, shall apply with the same force as if the terms of such regulations had been herein enacted.

(2) The regulations may provide for appropriate penalties, not exceeding, as to imprisonment, three months, and not exceeding, as to fine, one hundred dollars, for violation or non-observance of any provision of any regulation.

(3) Without restricting the generality of the provisions of subsection one of this section, the regulations may provide, inter alia, for the incorporation by reference, as part of such regulations, of any specific and indicated law or regulation of and in force within any province of Canada, and in particular, and whether or not by way of the incorporation by reference of provincial laws or regulations, such regulations may provide:

(a) with relation to Indians within the province of Manitoba, Saskatchewan or Alberta or within the Territories, as the case may be, or to Indians in such parts of such provinces and Territories as to him seems expedient, that laws either in the same terms as, or in like terms to, or in other terms than, those in force in such provinces and territories, respectively, with relation to game in general or to specific game, shall apply, upon publication thereof in the Canada Gazette, with the same force as if enacted in this Act, to such Indians as such regulations shall prescribe;

(b) for the destruction of noxious weeds and the prevention of the breeding, spreading or prevalence of any insect, pest or disease which may or might be destructive of or injurious to vegetation on Indian reserves;

(c) governing the speed and operation of vehicles on highways within Indian reserves.

As honourable senators will notice, the clause of the Bill, as it came to us from the other House, stated:

The Superintendent General may from time to time by public notice declare that the regulations in force in any province for preventing the spread of any insect, pest, or disease destructive to vegetation, and all that such regulations may prescribe, shall apply to Indians and Indian reserves within such province or such parts thereof as to him seems expedient.

As my right honourable friend aptly remarked, the Superintendent General was given the right to declare that regulations arising out of the legislation in force in any province should apply to the Indian reserves in that province. I think my right honourable friend was correct in stating that this declaration did not convey any right, or even any sanction; it was purely and simply a declaration. Besides, the clause was weak in that it allowed the Superintendent to declare that provincial laws should apply to a reserve, whereas it is for the Federal Parliament to enact laws thus applicable. The justification or excuse for the drafting of this Bill is that it is but an amendment to section 69 of the Act, which, without even appropriating the sanction necessary in order to make them the law of Canada, provided that the Superintendent should have the right to declare parts of the provincial law applicable to Indian reserves.

These weaknesses in the legislation are cured by the suggested amendment which I ask my honourable friend to move.

Hon. Mr. CASGRAIN: I move that this amendment be adopted. I hope it is all right. To me it is just as clear as mud.

Right Hon. Mr. GRAHAM: The Chairman will please explain.

The CHAIRMAN: The motion is to strike out all the words following the word "is" in line 15, page 1 of the Bill, and to substitute the amendment which has been read. I do not suppose I need read it again. Is it your pleasure to adopt the amendment?

Right Hon. Mr. MEIGHEN: The amendment recognizes not only that the Bill was very poorly drafted, but also that the amended section of the Act was subject to the same infirmity. The amendment repeals and supersedes the original section.

In the re-enactment the draftsman, I think, has skirted just as closely as he could the same error, but with his usual skill, I suppose, he has avoided it. I would far rather that the Superintendent General, subject to the approval of the Governor in Council, should be empowered to enact the regulations, and that it should be left to us to fix the penalties in our enactments. Then the Superintendent, if he liked the legislation of a province, could quote it in his regulations and make it a Dominion regulation. He does not need to do it by reference at all.

However, I do not press my preference. The proposed amendment is a vast improvement over the Bill as it stood.

Hon. Mr. DANDURAND: I hope the remarks of my right honourable friend will reach the Superintendent, and that he will act under these suggestions.

The proposed amendment was agreed to.

Section 2 as amended was agreed to.

Sections 3 to 6, inclusive, were agreed to.

On section 7—selling intoxicants:

Right Hon. Mr. MEIGHEN: Why is subsection 2 of section 126 repealed?

Hon. Mr. DANDURAND: With respect to clauses 7 to 12 I see that the explanation is as follows:

> The amendments as contained in these sections repeal the provisions giving a moiety of the fines imposed to the informer. Various requests have been made to the department for the repeal of these provisions. It is claimed that informers are likely to be over zealous in undertaking prosecutions, having in view the prospect of some monetary interest, which lessens respect for the impartial administration of the law. It is realized that while such provisions may have been considered necessary to ensure vigilance for the enforcement of the provisions of the Act, such provisions are generally considered objectionable. With the increased police supervision now prevailing, it is not considered that such provisions are longer required.

Right Hon. Mr. MEIGHEN: The last sentence is the important one. It may be correct. But what is this increased police supervision? To take away the incentive that is now given to informers who keep a watch over the use of liquor on Indian reserves is a pretty serious thing. Everyone knows how liquor would flow on the reserves if there were not very careful supervision. Is the explanation that the Mounted Police are doing the work very much better than the former police did?

Hon. Mr. DANDURAND: I have not complete information as to that. The department has its agents on these reserves, and I suppose it must rely on the advice received from them as to the undesirability of giving informers a share of the fines. Sometimes a great injury may be done to the public morals of a band by the making of a serious denunciation with regard to a very trivial offence. I know that during my practice at the Bar in Montreal I would hear now and then considerable recriminations because of ugly charges arising out of some small act that technically violated the law, but had done no harm to anyone. There is something to be said either for or against this view, but in any event the department states that because of increased police supervision it is no longer necessary to continue paying part of the fines to informants who lay charges.

Right Hon. Mr. MEIGHEN: I am entirely in agreement with that if there is such police supervision as to do away with the necessity of putting a premium on the giving of information; but I should like to know where that increased police supervision comes from.

Hon. Mr. CASGRAIN: Has the right honourable gentleman not read in the papers lately that the provincial governments have entrusted this matter to the Royal Canadian Mounted Police?

Right Hon. Mr. MEIGHEN: Entrusted what?

Hon. Mr. CASGRAIN: The matter of looking after whiskey. That has been taken from the jurisdiction of the provincial police.

Right Hon. Mr. MEIGHEN: I know. The provincial police have been virtually superseded in most provinces. The first step in that direction was taken a good many years ago, I think about 1919, and I know that the change has been for the better. I hope it is true that the Mounted Police are able to supervise Indian reserves without having to be

assisted by informers, but I want my inquiry on the record because I am afraid a great many policemen will be required if the Mounted Police are to keep a watch over all liquor transactions on Indian reserves.

Hon. Mr. DANDURAND: I shall give my right honourable friend an answer when we come to the motion for third reading to-morrow.

Section 7 was agreed to.

Sections 8 to 13, inclusive, were agreed to.

The preamble and the title were agreed to.

The Bill was reported, as amended.

APPROPRIATION BILL NO 3

FIRST READING

A message was received from the House of Commons with Bill 58, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.

The Bill was read the first time.

Right Hon. Mr. MEIGHEN: Can the honourable leader explain the necessity for the upward progression of the vote? He will observe that in respect of the first schedule the amount voted is one-twelfth; of the second schedule, one-sixth; of the third schedule, one-third, and of the last schedule, one-half. And as one might expect, the schedules get longer and larger as the fraction grows.

Hon. Mr. DANDURAND: Well, I hope it will not grow from now until our next sitting. I move that the motion for second reading be placed on the Order Paper for to-morrow.

The motion was agreed to.

BANKING AND COMMERCE COMMITTEE

Hon. Mr. DANDURAND: Honourable members of the Senate, at my request the honourable gentleman from Rigaud (Hon. Mr. Sauvé) consented to a postponement of the motion standing in his name, in order that we might conclude our sitting here at an early hour and be free to continue the work that lies before us in the Banking and Commerce Committee. I would remind all members of that committee, and all other senators who may desire to attend, that two or three important bills are now being dealt with by us there. I make the announcement in this way so that the press and the public at large may know that senators do not stop working at the close of a short sitting of the Senate; they continue to work very seriously on bills that have come from the other House and have been referred to our standing committees.

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

THE SENATE

Wednesday, May 6, 1936.

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

Prayers and routine proceedings.

CUSTOMS BILL

THIRD READING

Bill 11, an Act to amend the Customs Act.—Hon. Mr. Dandurand.

SALE OF GOVERNMENT SHIPS

INQUIRY AND DISCUSSION

On the notice of inquiry:

By Hon. Mr. Ballantyne:

That he will call the attention of the Senate to the reported sale of certain ships owned or controlled by the Canadian Government Merchant Marine, Limited, and inquire of the Government as to the price paid and the terms of the sale.

Hon. Mr. DANDURAND: I would suggest to my honourable friend that he postpone his discussion on this inquiry until to-morrow or next week. I have some information to give to him in answer to his inquiry, but it is somewhat lengthy and, I think, should be presented in a summarized form. As I have not yet had time to go into it, I should be glad if my honourable friend would act on my suggestion and postpone the discussion. But of course I am in his hands.

Hon. C. C. BALLANTYNE: I should very much like to comply with the suggestion of my honourable friend, but it happens that I am leaving the city and shall not have another opportunity of proceeding with this discussion for some time. Perhaps I may be allowed to make my remarks to-day, and the honourable leader could reply at his own convenience. Yesterday, when he laid upon the Table a copy of the form of agreement of sale and of the Order in Council relating to the sale, he very properly drew my attention to the fact that, under the rules of the House, the matter was not debatable at that time. I am glad that he did so,

because in the meantime I have had an opportunity of reading the agreement; and after reading it I must say the transaction does not appear in so favourable a light as it did at first blush.

May I say at the outset that I am greatly surprised that the Government should make a sale of this magnitude by Order in Council. We have all heard condemnation of the previous Government for allegedly doing too much by Order in Council. Here is a big national question, affecting the maritime trade of not only Canada, but also our sister Dominions, Australia and New Zealand. It also affects labour, and in addition is important from the viewpoint of transportation of our products to those sister Dominions and of their products to us.

Now let us see what the Government has sold. I intend to quote only from official documents; so if any honourable senator doubts the accuracy of any of my statements he can go to the Department of Marine and verify them. These ten ships sold by the Government were launched in the year 1920, if I remember correctly, and so are about sixteen years old. They are of British design and were constructed by Canadian workmen in a very creditable manner. The ships for whose sale it appears the negotiations are about completed are as follows:

Name of Ship:	Burning	Decks	Dead-weight Tonnage
Canadian Britisher	Coal and oil	Tween	8,320
Canadian Challenger	Coal and oil	Tween	8,442
Canadian Conqueror	Coal	Tween	8,407
Canadian Constructor	Coal and oil	Three	10,687
Canadian Cruiser	Coal and oil	Three	10,682
Canadian Highlander	Coal and oil	Tween	8,449
Canadian Leader	Coal	Tween	8,455
Canadian Planter	Coal	Tween	8,399
Canadian Scottish	Coal	Tween	8,305
Canadian Victor	Coal	Tween	8,433
			88,579

The sea speed of the two largest vessels, the Canadian Constructor and the Canadian Cruiser, is 13 knots an hour, and that of the other ships is 11½ knots. Anyone who doubts the accuracy of that statement may find the official record in the Department of Marine, of which I was the head when the ships were bought. The department would not take delivery of the ships unless it was proved by trial trips that they could make these speeds which I have stated.

Let us turn for a moment to the annual report of the Canadian Government Merchant Marine, Limited, to see what it says about these ships. The report, dated March 10, 1936, is addressed to Hon. C. D. Howe, Minister of Railways and Canals. It says:

There were 24 completed voyages to Australia and/or New Zealand, being the same number as in 1934. Loadings were exceptionally good, most of the vessels securing capacity cargoes both inbound and outbound. There was no important change in freight rates.

Notwithstanding 24,701 tons of additional cargo to be handled with an increase of 20 per cent in operating revenue, the operating expenses show an increase of less than one per cent. This may be regarded as a very satisfactory performance, reflecting careful administration and strict economy on the part of all concerned, and the Directors take this opportunity of expressing their appreciation of the loyal and efficient service rendered by the Company's officers and employees both ashore and afloat.

The operations of the fleet were carried on without serious casualty.

There is a self-insurance fund for the ships, and out of this fund the Dominion Government was paid $1,000,000 in 1933 and $1,000,000 in 1934. The report goes on:

In addition to the payment to the Government of the profit for the year of $311,822, the amount of working capital required in the business was reduced by $250,000 and the amount refunded to the Government.

Canada built the Merchant Marine as a war-time effort, the vessels being constructed in Canada at war-time prices, and such vessels as remain stand in the accounts at the rate of $205 per dead-weight ton. Such a value is altogether out of line with any present value the vessels may have. The published accounts include bookkeeping accruals for interest and depreciation based on the said war-time costs, the result being that the annual income statement of the Merchant Marine Limited as published is distorted to such an extent as to serve no useful purpose. Based on a reasonable valuation of the vessels and after making adequate provision for interest and depreciation, the income surplus of the Merchant Marine Limited for the year 1935 was $200,000 instead of a loss of $2,001,000 as shown by the accounts.

I am not going to make any statement here to-day in justification of the building of the Merchant Marine. It is unnecessary that I should do so. But I might point out that the policy of building these ships was the result of a unanimous decision by the

Government of the day, which policy was unanimously approved by Parliament, as was every vote, year after year, in another place.

I am very much surprised that the Government would sell the ships at such a ridiculously low price as was obtained. It is less than $5 a ton dead weight. When the late Government was in power these same purchasers, represented by Mr. Reford, approached not only the Prime Minister, but also the Minister of Railways and Canals, Dr. Manion, but their ridiculously low offer was not accepted. I have been told by two experienced steamship men that if the present Government had disposed of the ships on the open market it could have obtained twice the price that these companies are paying. I am also told on reliable authority that had the vessels been scrapped, double the present price could have been secured.

Judging by the operating profit as shown by the official records of the Merchant Marine, these shrewd buyers will make almost double the cost of these ships in the first year. The ships have been in operation over a period of sixteen years, during some five years of which we have had a depression. After the expenditure of a lot of money in the building up of trade between Canada and Australia-New Zealand the service has become profitable, and it does seem strange to me that when this desirable point has been reached the Government should sell to these shrewd steamship men at so low a price that they can get a return of almost double their money from the first year's operation. I might say that the officially estimated profit for this year will be at least $700,000. One would think that when the Minister was negotiating for the sale he would have said, as a business man who is selling out a business would say: "What about the goodwill? What about all the time and money we have spent in building up this trade? We have now reached a point where the service is profitable. So in addition to the price for the ships, what will you offer for goodwill?" But nothing of the kind was said at all.

These vessels have a life of at least ten more years, and all they will require in the meantime is an annual overhauling. All ships that make long voyages, as these do, have to be put in dock and overhauled regularly. But that expense will not be very great.

I now turn to the statement the honourable leader of the House made yesterday, when he gave an outline of the Government's policy in this matter. It is a very misleading statement, for which I do not hold him accountable. He said:

> Honourable senators, before the Orders of the Day are called I desire to give to my honourable friend from Alma (Hon. Mr. Ballantyne) an answer to the inquiry he made at the last sitting. I may inform the honourable gentleman that the Government has sold to the Ellerman & Bucknall Steamship Company, Limited, Commonwealth and Dominion Line, Limited, and the New Zealand Shipping Company, Limited, the ten remaining vessels of the Canadian Government Merchant Marine which have been operating in the Australia and New Zealand service. It is the intention of the new owners to scrap these vessels—

I ask honourable senators to take special note of that.

> —and to provide faster and more suitable boats for the Australian services, which they have agreed to maintain for a period of at least five years without any subsidy. They have also agreed to take over the staffs and crews of the Canadian Government Merchant Marine, afloat and ashore.
>
> The Canadian Government Merchant Marine management having advised the Government that the vessels in question were nearing the end of their usefulness, and that an expenditure of between five and six million dollars would be necessary for the construction of new boats if the services were to be maintained, the Government considered it advisable to dispose of this residue of the original fleet of more than sixty ships constructed by Canada after the Great War. The sale was recommended by the Board of Directors of the Canadian Government Merchant Marine (who are also the Trustees of the Canadian National Railways) by resolution of the Board of April 18 last.
>
> While the operation of these vessels in 1935 had resulted in a small operating surplus, there has been an annual operating deficit from 1921 to 1934, inclusive, the total operating deficit over that period having amounted to $11,064,725. In view of these heavy deficits and the necessity for further extensive capital expenditures if the Australian services were to be maintained, the Government considered it in the public interest to accept the offer of these Australian shipping firms, who, as already stated, are undertaking to provide an improved service without subsidy.

The public has been advised that these ships are already old and useless, and that new ships are to be put on the route; but this agreement does not make any reference whatever to new ships.

Hon. Mr. DANDURAND: Is that the blank form of agreement?

Hon. Mr. BALLANTYNE: Yes.

Hon. Mr. DANDURAND: It simply indicates the form.

Hon. Mr. BALLANTYNE: This is a printed form of the agreement made in quadruplicate. Clause 7 provides:

> That they will take over and efficiently operate or cause to be operated approximately the same service to and from Australia, New Zealand and Canada as at present provided by

the above mentioned ships for a period of at least five years, without any subsidy for or in connection with such service, or without any contract other than herein provided, with sailings from Canada to Australia and New Zealand and from Australia and New Zealand to Canada (subject to alteration in the number of sailings as hereinafter provided) as follows.

May I draw the attention of honourable members to the fact that the purchasers are to operate, for five years at least, these very ships that the Government considers obsolete and too slow. They are not too obsolete or too slow for these enterprising men. As I have already stated, they have bought the fleet at a very low figure and will make a very handsome profit on the transaction.

During the period of five years the ships are to be operated under the following conditions:

(a) Twenty-four sailings from Canada each year, such sailings to be approximately—

That is a word I do not like.

—two in each month, all sailings to be direct from Montreal during the St. Lawrence season of navigation and from the Maritime ports in Eastern Canada during the winter season, provided that if after the first two years of operation, direct service from Canada to Australia and New Zealand is not warranted in the opinion of the Minister, the ships shall be permitted to call en route at United States ports to pick up cargo. The Minister shall not withhold his consent if it is shown that the service is unprofitable.

(b) Twelve sailings from Australia and New Zealand during each year in which the agreement remains in force, such sailings to be approximately one in each month, all sailings to be to Montreal during the St. Lawrence season of navigation and to ports in Eastern Canada during the winter season, with the liberty to call at Panama, West Indies (for discharging cargo only) and United States ports, provided that if after the agreement has been in force for a full period of twelve months, the tonnage carried in the service herein contemplated during said twelve months period or any subsequent six months period falls, to an appreciable amount, below the tonnage carried by said above mentioned ships from Australia and New Zealand to Canadian and United States ports during the corresponding period in the calendar year of 1935, then and in that event the sailings from Australia and New Zealand may be reduced to a minimum of not less than one sailing every six weeks for the balance of the term hereof; provided further that should the tonnage in any six months period thereafter equal or exceed the tonnage carried by said ships during the corresponding period in the calendar year of 1935, then the monthly sailings from Australia and New Zealand shall be restored in the following six months period or periods, and shall be so maintained until the tonnage in any succeeding six months period again drops below the tonnage carried by said ships during the corresponding period in the calendar year of 1935, whereupon said sailings may be again reduced to a minimum of one sailing every six weeks; provided further that if a ship arriving in Canada during the St. Lawrence season of navigation has not sufficient cargo to warrant said ship proceeding to Montreal, the cargo may be discharged at an eastern port in Canada and forwarded by rail to point of destination, the ship or its owners to assume and bear the difference between the amount that it would have cost to transport such cargo by rail from Montreal to point of destination and the amount of rail charges on such cargo from such eastern port to point of destination.

I would point out that when the trustees were managing these ships Canadian exporters and importers could depend on the stipulated time schedule of sailings. This agreement does not commit the purchasers to maintain sustained sailing dates. Indeed, under certain conditions they may reduce the service, then they may restore it. In short, it is a wide-open agreement and no one can depend on the continuity of the service.

Now I direct attention to another important clause, No. 10:

That in the purchasing of supplies and stores, including coal and fuel oil, the making of repairs and the employing of help for the ships engaged in the service herein contemplated, preference shall be given to Canada in the making of all such purchases and repairs and in the employment of labour, provided that it is reasonable to do so.

I leave honourable members of the legal profession to interpret the word "reasonable." In my view the word nullifies the agreement in that respect.

Section 9 provides:

That they will take over or arrange with the new company to take over as many members of the existing shore staffs in Canada, Australia and New Zealand of the Canadian Government Merchant Marine Limited as can reasonably be absorbed by the Purchasers or the new company in the handling of said service, said members to be retained in the service of the Purchasers or said new company, subject to dismissal of any of them for good cause, for a period of at least two years. It is the Purchasers' intention in the first instance to operate in this trade any or all of the ships purchased under this agreement and it is agreed that so long as any or all of said ships are being so operated, then the said ship or ships shall be manned by personnel available from those already in the service.

Under big headlines in the press has appeared the official statement issued by the Government that the new company will take care of the staffs for two years. That is not so definitely stated in the agreement; it is qualified by the word "reasonable." In short, it is left to the company to decide how many members of the staffs they will retain in the service. The same qualification covers supplies.

I find nothing in the agreement about repairs. Ship repairing is very important to Canada. We have a magnificent drydock at

the port of Saint John, which His Honour the Speaker is so proud of, and we have also drydock accommodation at Montreal, Quebec and Halifax. I repeat, there is nothing whatever in the agreement to ensure that the ships shall be repaired in Canada. Australian labour is so much cheaper than Canadian that I imagine any repairs will be done in Australian shipyards, or perhaps in England; anywhere but in Canada.

Recently Mr. Fullerton, Chairman of the Board of Directors of the Canadian Government Merchant Marine, appeared before the Select Standing Committee on Railways and Shipping of the other House. When he was asked what profit, if any, the ships had made in the three months of this year, he answered:

> There was a profit of $78,000 to the end of March. A lot of our ships have yet to come in, and we possibly may make that up to $200,000.

The operating surplus for the same three months last year was only $21,000. Now it has gone up to $200,000; yet the Government is selling these splendid ships at the paltry rate of less than $5 a ton. It is a sale which will cause the discharge of hundreds of seamen from the Maritime Provinces—and there are no better sailors in the world.

Hon. Mr. DANDURAND: That is contrary to the statement of the Minister.

Hon. Mr. BALLANTYNE: What does the Minister say?

Hon. Mr. DANDURAND: My honourable friend has just quoted my statement of yesterday.

Hon. Mr. BALLANTYNE: I have quoted from the agreement that the men are to be retained only if they can be reasonably employed; which means virtually nothing. So I am not much interested in what the Minister said.

Hon. Mr. LYNCH-STAUNTON: If the new company does not employ the men, what is the penalty?

Hon. Mr. BALLANTYNE: I am coming to that. I thought I might find in this agreement something in the way of penalties to ensure fulfilment of its conditions, but I find no penalty clauses at all. I do not pretend to be a lawyer, but I venture the opinion that a horse and cart could be driven through the agreement. It is absolutely one-sided, very much in favour of the purchaser and very much against the interest of the Dominion.

I regret that the fleet should have been sold just when it had begun to show an operating surplus. I regret the sale for the further reason that it will add to unemployment.

This, honourable senators, is not only a Canadian, it is an Imperial question. These ships have performed an important part in developing Empire trade. I shall not take up the time of the House to give comparative figures of our trade with the West Indies for 1919 and to-day, but they are amazing.

These ships have also been of great service to the lumbermen of British Columbia. Before they were put into operation the lumber trade was monopolized by American shipping. I have not the figures under my hand, but they show the very creditable part played by our Merchant Marine in regaining that trade.

I would ask honourable members to reflect on the excellent advertising that Canada has received during the sixteen years that the Canadian Government Merchant Marine has been sailing to all parts of the world. Business men attach a great deal of importance to the value of advertising. Why should we not appreciate the effective advertising of Canada by these ships, each flying its distinctive house flag and bearing a name with the title "Canadian"?

The Government's war shipbuilding programme was confirmed by that great statesman the Right Honourable Sir Wilfrid Laurier. When, in 1918, I introduced in the House of Commons the Bill originating the policy, that distinguished gentleman listened to my remarks and, as I proceeded, he frequently rapped his desk and shouted, "Hear, hear." He was a strong believer in a Canadian Government Merchant Marine. As I said before, that policy received unanimous endorsement in the sessions of 1918, 1919 and 1920. It was not until the session of 1921, when, with a general election in the offing, certain newspapers were decrying the Canadian Government Merchant Marine, and some of my honourable friends on the opposite side in the other House thought they might make political capital, that for the first time objection was raised to the policy.

Why did the Government go into it? I do not intend to break the oath that all Privy Councillors take, but I may say that 8,500,000 tons of British shipping were sunk by German submarines, and the Home Govment was appealing to the Government of Canada to do what it could to make up the loss. We very wisely took over the shipyards in order to build only Canadian Government ships. Previous to that time the Canadian

shipyards were building some ships for non-combatant countries, as well as some for British registry. The Government policy was to control all Canadian shipyards exclusively for the building of Government ships, in accordance with its war shipbuilding programme. I admit that the war was over before many of these ships were launched; but when you are engaged in a great war you cannot sit down and say: "We will go slowly, because the war may be over to-morrow, or in six months." You have to go full steam ahead. That is what the Government did.

It is said: "We could understand ships being built before and during the War, but why build eighteen ships after the War?" Well, we have no regrets in that regard. The condition of the country was alarming. Great disturbances were occurring in many of our centres—we had a riot in Winnipeg—and hundreds of thousands of men were coming back from overseas. The Government would have been derelict in its duty if it had not built more ships in order to give the employment which was so badly needed.

I shall answer one more question and then I shall be finished. We are asked, "Could you not have sold the ships?" Of course we could have sold them, but after the War was over the cargo space available to Canadian importers and exporters was limited to thirty per cent and the importers and exporters were howling at the door of the Government and asking, "What are you going to do about ships?" We would not sell the ships then, because we had to take care of the trade. Our action at that time met with the approval of the right honourable senator from Eganville (Right Hon. Mr. Graham) and the honourable senator from Rougemont (Hon. Mr. Lemieux), for at the great Liberal convention held in this city in 1919 a strong resolution was moved by the right honourable senator from Eganville, seconded by the honourable senator from Rougemont, condemning the Government of the day for having been derelict in its duty in not having built more ships and built them faster.

Hon. WILLIAM DUFF: Honourable senators, I am sure we have listened with a great deal of interest to the excellent speech made by the honourable senator from Alma (Hon. Mr. Ballantyne), but as I listened to him I was thinking of the passage which appears, I believe, in Longfellow's Psalm of Life: "Let the dead past bury its dead." It seems to me, in view of what happened with regard to this venture—and for the moment I am willing to call it that—which was headed by the Union Government in 1918, and the results which have accrued since, that everybody in Parliament, especially those who were here during those hectic days, had much better say as little as possible about the building, operation, and sale of the Canadian Government Merchant Marine.

I can quite understand, honourable senators, why, when the War was at its height and Canada was sending hundreds of thousands of men overseas to help the Mother Country, and when ships were being sunk day by day, the Government of that time, or the right honourable senator from Eganville, the honourable senator from Rougemont, or anybody else might have thought it good business for that Government to do what it did in 1918. But let us see what happened when the Armistice was signed in November, 1918. Although contracts had been made by the Union Government for the building of some sixty-three ships, only one keel was laid.

Hon. Mr. BALLANTYNE: My honourable friend is very much astray there.

Hon. Mr. DUFF: Of course I must take the word of the honourable gentleman, but perhaps he should give me credit for having given this matter just as much study as he or anybody else has given it. I have the record with me and will read the exact words which I have taken from it, if my honourable friend's memory is bad.

Hon. Mr. BALLANTYNE: It is not bad.

Hon. Mr. DUFF: Here is what it says:

> The first unit of the fleet, the Canadian Voyageur, built by Canadian Vickers, Limited, was delivered to the company February 22, 1919.

In other words—

Hon. Mr. BALLANTYNE: I am sorry to interrupt my honourable friend, but he will give me credit, possibly, for being in possession of more accurate information than he can have. The Canadian Voyageur was launched and in commission in the fall of 1918, and immediately following her was the Canadian Pioneer.

Hon. Mr. DUFF: Of course I must take the honourable gentleman's word, but I am reading from the record. The fact remains that after the Armistice in 1918, although contracts had been made for sixty-three ships at a cost of more than $79,000,000 to the people of this country, not one ship was in operation; and, as I said in the session of 1919 when I discussed this matter in another place, only one keel was laid in 1918. At

that time, because the War was over and because Britain and the other European countries and the United States were building large fleets of ships—and I am sure the honourable senator from Alma (Hon. Mr. Ballantyne) must remember this—I urged upon the Government the advisability of discontinuing this venture and of making a settlement with the fourteen shipyards and the various contractors with whom contracts had been made for the building of these sixty-three ships. I am going to prove, I think, that if that had been done the country would have saved anywhere from $140,000,000 to $175,000,000.

It is all very well for my honourable friend to say that if these ships had not been built the trade of Canada could not have been carried on. Surely, as a business man, he knows better than that. My honourable friend should know that Canadian trade has not suffered and is not suffering by reason of the fact that the Canadian Merchant Marine has been reduced from sixty-three ships to eleven ships; nor will it suffer when this mess is all cleaned up. I say that when the War was over and it was found that there was no necessity for the building of these ships, this country should not have gone on and spent this large sum of money.

My honourable friend, in order to make his point, was good enough to invoke the shade of my late lamented leader, Sir Wilfrid Laurier. I would rather he had talked about somebody who was alive and able to defend himself.

The honourable gentleman went on to say that the building of these ships enabled the men who returned from the War to secure employment. My honourable friend knows better than I do that in order to build these ships it was necessary to bring shipwrights from the United States, Great Britain, and European countries, because in Canada we had not the men to build vessels of that size and kind. When my honourable friend says the returned soldiers benefited—

Hon. Mr. BALLANTYNE: How could Canada bring skilled workmen from abroad when Great Britain was up to her eyes in shipbuilding and needed all her own men? I hope my honourable friend will stick more closely to facts.

Hon. Mr. DUFF: I did not say that Great Britain could use all the shipwrights she had. Immediately after the War Great Britain started a shipbuilding program; but even during the last fifteen or twenty years Great Britain and the countries of Europe have not been able to employ all the shipwrights they have in those countries. The building of the Queen Mary in Britain and of the Normandie in France was undertaken largely to provide work for unemployed shipwrights.

Canada, in order to build ships, had to import shipwrights from the United States and from Europe, and when my honourable friend tries to make a point by saying that returned soldiers benefited by these operations, I say his argument is unsound.

My honourable friend to-day made the statement—and I think he made it yesterday, though it is not recorded in Hansard in the words I thought he used, and I do not want to misrepresent him—that the leader of the late Government and the Minister of Railways in the late Government refused to sell any of these ships. Now, what is the fact? Many accuse the present Government in the disposal of the ten ships sold two or three days ago—

Hon. Mr. BALLANTYNE: I am sorry to rise so often, but I must ask my honourable friend not to mislead the House. I know he is not doing so intentionally. I was speaking of Mr. Reford's negotiations with respect to the ships now sold, not other ships.

Hon. Mr. DUFF: Very good. That makes my argument all the stronger. It is true, perhaps, as the honourable gentleman says, that the late Prime Minister and his Minister of Railways did not negotiate with this Mr. Reford. I do not know him at all. But I notice that Mr. Bennett and Mr. Manion negotiated with other people for the sale of a number of these ships. And let me say here, honourable senators, that as far as price is concerned there is no comparison whatever between the prices offered to Mr. Bennett and Mr. Manion and those for which the directors of the Canadian National Railways sold the present ten ships now particularly mentioned by the honourable senator from Alma. Perhaps the honourable senator will enlighten me. I find that a great many ships have been sold in the last few years.

I should like, with the consent of honourable senators, to place upon Hansard a statement showing Canadian Government Merchant Marine, Limited, vessels disposed of up to December 31, 1935, and another statement as to the sale of ten steamships a few days ago, which sale evidently raised the ire of my honourable friend the senator from Alma (Hon. Mr. Ballantyne).

Canadian Government Merchant Marine, Limited

Vessels Disposed of to December 31, 1935

Name	Tonnage	Original cost	Vessels sold		Year	Vessels lost	Vessels transferred to West Indies fleet	Loss to C.G.M.M.
			Net sale price	Purchaser		Salvage		
		$ cts.	$ cts.			$ cts.	$ cts.	$ cts.
Adventurer	3,408	717,467 49	38,566 31	Jas. Playfair, Midland	1925			678,901 18
Aviator	5,166	1,147,106 49			1929		85,239 00	1,061,867 49
Beaver	3,973	858,359 54	5,000 00	Capt. Redfern, Colborne	1932			853,359 54
Carrier	4,620	1,031,915 65	10,000 00	Carribean S.S. Co., Montreal	1933			1,021,915 65
Coaster	3,939	719,365 53	58,333 33	Kingsley Nav. Co., Vancouver	1929			661,032 20
Commander	8,439	1,516,407 79	24,783 50	A. Lauro, Italy	1932			1,491,624 29
Drummond	3,501	550,339 13	110,000 00	Patterson S.S. Co., Ft. William	1923			440,339 13
Engineer	3,679	1,018,102 81	48,665 19	" "	1925			969,437 62
Explorer	8,341	1,648,502 67	20,062 83	A. Lauro, Italy	1932			1,628,439 84
Exporter	8,380	1,682,681 67			1921	1,313,357 67		369,324 00
Farmer	3,964	755,528 85	10,000 00	Capt. Redfern, Colborne	1932			745,528 83
Fisher	5,100	1,528,186 15	86,528 05	Compania Naveira, Amaya, Spain	1929			1,441,658 10
Forester	5,100	1,563,772 37	86,528 05	" "	1929			1,477,244 32
Gunner	3,978	859,163 65	50,000 00	Can. Atl. Transit, Toronto	1926			809,163 65
Harvester	4,000	730,914 67	50,000 00	" "	1926			680,914 67
Hunter	5,021	1,054,956 05			1929		89,875 90	965,080 15
Importer	8,381	1,671,502 17	18,796 53	B.C. Spg. Agencies, Vancouver	1933			1,652,705 64
Inventor	8,350	1,676,622 93	18,228 83	Sun Shipping Co., London	1933			1,658,394 10
Logger	3,839	704,130 54	100,000 00	Sir Thos. Wilson, Belfast	1924			604,120 54
Mariner	8,340	1,648,116 08	18,228 83	Sun Shipping Co., London	1933			1,629,887 25
McKee	3,575	521,514 11	110,000 00	Patterson S.S. Co., Ft. William	1923			411,514 11
Miner	2,778	583,467 40	91,246 88	W. Hansen, Norway	1924			492,220 52
Miller	8,390	1,594,782 51	17,914 75	A. S. Onassis, Buenos Ayres	1932			1,576,867 76
Navigator	4,581	1,048,216 26			1925	128,268 00		919,948 26
Observer	3,982	758,723 00	58,333 34	Kingsley Nav. Co., Vancouver	1929			700,389 66
Otter	4,555	1,035,422 40	10,000 00	Carribean S.S. Co., Montreal	1933			1,025,422 40
Pathfinder No. 1	3,640	957,232 90	49,640 94	Patterson S.S. Co., Ft. William	1925			907,591 96
Pathfinder	8,347	1,545,080 71			1931		271,874 23	1,273,206 48
Pioneer	8,408	1,527,364 59	10,000 00	A. A. Norris, Montreal	1934			1,517,364 59
Prospector	8,367	1,677,910 35	35,000 00	Capt. W. Ogilvie, Liverpool, N.S.	1933			1,642,910 35
Raider	5,181	1,141,247 25	6,500 00	Dom. Iron & Metal, St. John	1928			1,134,747 25
Rancher	4,892	1,028,025 35	84,510 00	Compania Naveira, Amaya, Spain	1929			943,515 35
Ranger	8,382	1,580,995 37	21,243 00	Dom. Shipping Co., Vancouver	1932			1,559,752 37
Recruit	3,964	812,974 45			1921	669,849 26		143,125 19
Rover	3,920	715,995 63	58,333 33	Kingsley Nav. Co., Vancouver	1929			657,662 30

Runner	4,573	1,021,973 53	10,000 00	Margaree S.S. Co.	1933			1,011[c]973 53
Sailor	3,357	690,409 84	37,879 40	Jas. Playfair, Midland	1925			652,530 44
Sapper	2,781	543,555 31			1929		48,111 30	495,444 01
Sealer	2,777	583,362 66	88,794 04	W. Hansen, Norway	1924			494,568 62
Seigneur	8,391	1,595,181 40	19,710 00	Sun Shipping Co., London	1933			1,575,471 40
Settler	4,918	985,273 34	83,737 08	Arbot S.S. Co., London	1925			901,536 26
Sheba	3,400	151,099 90	72,489 32	Manor S.S. Co., Bristol, Eng.	1923			78,610 58
Signaller	3,975	814,926 25	37,383 34	Jas. Playfair, Midland	1925			777,542 91
Skirmisher	8,424	1,564,472 53			1931		270,851 40	1,293,621 13
Sower	3,406	716,856 63	37,373 24	Jas. Playfair, Midland	1925			679,483 39
Spinner	8,393	1,601,074 49	14,820 35	A. S. Onassis, Buenos Ayres	1933			1,586,254 14
Squatter	4,554	1,014,429 96	3,000 00	Int. Waterways, Montreal	1933			1,011,429 96
Trader	3,341	686,905 38	38,609 43	Jas. Playfair, Midland	1925			642,295 95
Transporter	8,356	1,548,990 84			1933		167,120 00	1,381,870 84
Trapper	5,054	1,061,629 49	85,458 68	Compania Naveira, Amaya, Spain	1929			976,170 81
Traveller	8,439	1,772,260 95	21,479 03	A. Lauro, Italy	1932			1,750,781 92
Trooper	4,540	989,063 45	47,500 00	G. Paus Knydsen, Norway	1930			941,563 45
Volunteer	4,496	983,223 77	6,900 00	Webster & Sons, Kingston, Ja.	1933			976,323 77
Voyageur	4,575	953,934 52	47,500 00	G. Paus Knydsen, Norway	1931			906,434 52
Warrior	3,995	819,671 26	39,616 07	Jas. Playfair, Midland	1925			780,055 19
Winner	8,407	1,686,443 50	21,243 00	Dom. Shipping Co., Vancouver	1933			1,665,200 50
Total 56 vessels disposed of	302,633	61,396,823 49	2,019,936 67			2,111,474 93	933,071 83	56,332,340 06

Canadian Government Merchant Marine, Limited

Fleet as at December 31, 1935

Name	Tonnage	Original Cost		Additions and Betterments		Investment per G.G.M.M. books	Sale Price
		Notes issued	Notes not issued	Advances by Dominion Govt.	Provided out of working capital		
		$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$
Britisher	8,320	2,129,925 58	.....	.....	.....	2,129,925 58	40,013
Challenger	8,442	1,471,683 36	.....	3,900 79	550 00	1,476,134 15	40,013
Conqueror	8,407	1,509,457 58	345 00	7,784 63	338 00	1,517,925 21	39,823
Constructor	10,687	2,339,165 11	1,338 77	9,088 30	.....	2,349,592 18	50,077
Cruiser	10,682	2,325,317 65	3,475 52	9,295 16	700 00	2,338,788 33	50,077
Highlander	8,449	1,567,718 48	18 12	5,198 50	.....	1,572,935 10	40,013
Leader	8,455	1,518,789 16	385 00	427 20	266 48	1,519,867 84	40,013
Planter	8,399	1,599,838 29	.....	1,400 00	125 08	1,601,363 37	40,061
Scottish	8,305	2,140,148 14	.....	.....	.....	2,140,148 14	40,013
Victor	8,433	1,516,795 07	708 00	3,839 95	.....	1,521,343 02	39,823
	88,579	18,118,838 42	6,270 41	40,934 53	1,979 56	18,168,022 92	419,926
						Loss of Planter	40,061
							379,865

The first statement shows that in 1925 the Adventurer was sold to James Playfair for $38,566.

Hon. Mr. ARTHURS: That was not sold under the last preceding Government.

Hon. Mr. DUFF: Both my honourable friend and I know that in 1925 the Liberal Government was in power. I think the public also know that.

Right Hon. Mr. MEIGHEN: The public knows it only too well.

Hon. Mr. DUFF: I do not know whether the right honourable gentleman the leader of the Opposition knows it or not.

Right Hon. Mr. MEIGHEN: Yes, and the public knows it only too well.

Hon. Mr. DUFF: They also know that the right honourable gentleman was in power a few months as a shadow Government.

Hon. Mr. LACASSE: There was just a shadow Government.

Hon. Mr. DUFF: That ship, which sold for $38,566, had a tonnage of 3,408 tons. Then in 1929 the Aviator, of 5,166 tons, was sold. I want my honourable friend from Parry Sound (Hon. Mr. Arthurs) to understand that I am trying to be fair; I am not blaming any particular Government for selling the ship.

Hon. Mr. ARTHURS: There would be no reason for doing that.

Hon. Mr. DUFF: There is no price shown for that ship, the Aviator. It must have been given away.

Hon. Mr. LYNCH-STAUNTON: The honourable gentleman must have lost his place.

Hon. Mr. DUFF: No, I have not lost my place. Will the honourable senator from Hamilton listen to this? The Beaver was sold in 1932 for $5,000. She was a ship of 3,973 tons; so the price averaged $1.30 a ton.

Hon. Mr. BALLANTYNE: Canal size; canal draft. They were built in the province of Ontario, and had to be kept down to about 3,000 tons, in order that they might be taken through the canals.

Hon. Mr. DUFF: Whether they were canal size or not, the fact remains that this ship was sold at a price averaging $1.30 a ton. Yet the honourable senator from Alma spoke with great emotion—I could almost see the tears running down his cheeks—when he described to us this afternoon the terrible thing done by the directors of the Canadian Government Merchant Marine, Judge Fullerton, Mr. Morrow and Mr. Labelle, in recommending the sale of ten ships the other day. The Carrier was sold in 1933, when the Liberal Government certainly was not in power, at a price averaging $2.16 a ton. In 1932 the Commander, a vessel of 8,439 tons, was sold for $24,783, an average of $2.80 a ton. The same year the Explorer was sold for $20,062. Her tonnage was 8,341; so the average price obtained there was $2.40. Also in the same year the Farmer was sold, the average price per ton being $2.60. The honourable senator from Alma appeared to be

deeply moved when speaking about the export trade and mentioning the wonderful names borne by some of these vessels that have recently been sold; but surely some of the names that I have just read, the Adventurer, the Aviator and the Beaver, are equally impressive.

The number of Canadian Government Merchant Marine vessels disposed of up to December 31, 1935, was 56, and of these 30 were sold by the Government that was in power from 1930 to 1935. Only 26 were sold by Liberal governments. Now, honourable senators, if you will look at the statements I have presented, you will see that the prices received for the 30 ships sold by the party of my honourable friend from Alma (Hon. Mr. Ballantyne), between 1930 and 1935, were smaller than those received when the Liberal party was in power, that is, during the period when I presume Sir Henry Thornton was the "big bogey man" of the Canadian Government Merchant Marine.

Hon. Mr. QUINN: But those ships that were sold from 1930 to 1935 were not in operation.

Hon. Mr. DUFF: I know that, but it was because the high tariff party was in power. Yet my honourable friend from Alma was trying to convince the House that there is a splendid trade between Canada and Australia, New Zealand and other places, and that it would have been a good thing to keep these ships.

Right Hon. Mr. MEIGHEN: These boats that have just been sold.

Hon. Mr. DUFF: Please wait. He also spoke about the South American trade and the trade in lumber from British Columbia. Let me see what the record says about that, for the information of my honourable friend from Bedford-Halifax (Hon. Mr. Quinn). In the years 1919 and 1920 regular sailings were established to the United Kingdom, to South America and the West Indies. Sailings were also made to French ports, and some boats were engaged in the Newfoundland coastal trade. In these two years, 1919 and 1920, there were substantial operating profits, if interest and depreciation charges are excluded. I shall deal with the West Indies service later on. In 1921, eighteen new ships having been added to the fleet, the delivery of the full complement of the 66 ships was completed. But that year ocean rates took a decided drop, in some cases as much as 50 per cent, and the best rates obtainable paid only operating expenses. In addition, while outward tonnage was fairly well maintained, the inward business, especially from Europe, fell away to such an extent that it was almost impossible to obtain homeward cargoes, and many voyages resulted in losses. That is exactly what I warned about in another place, honourable senators, in 1919, 1920 and 1921. I pointed out that if Great Britain and other European countries built up their fleets and got back the tonnage which they lost during the War, there would be no need for Canadian ships and they could be operated only at a substantial loss. Those ships built by the Canadian Government in 1919 and 1920 cost $203 a ton; not a registered ton.

Hon Mr. BALLANTYNE: The average cost was $205.

Hon. Mr. DUFF: No. It was $203.

Hon. Mr. CANTLEY: The last ships were built for less than $200 a ton.

Hon. Mr. DUFF: Yes. The first one was built for $180 a ton. But the average cost for the 66 ships was $203 a dead-weight ton. My honourable friend can figure it out for himself. The total tonnage was 391,212 and the total cost was $79,521,932.32.

Hon. Mr. CANTLEY: The last ships were built for less than $190 a ton.

Hon. Mr. DUFF: That is quite possible. But I was giving the average cost. Of course it is obvious that if some ships cost less than $190 a ton and the average was $203, some of them must have cost as much as $210 or perhaps $215 a ton. And I am sure my honourable friend will agree with me that the Canadian Government made a bad bargain in paying those prices.

In view of the experience gained in the first three years of operation the directors recommended that all the small type vessels be disposed of. This policy was adopted by the Government and at the end of 1933 had been fully accomplished. Whatever party was in power found that these small type ships could not make money, and decided to get rid of them.

To be quite fair, it should be pointed out that as a result of the operation of the Canadian Government Merchant Marine service to Australia, New Zealand and Newfoundland, the Dominion Government saved subsidies aggregating $156,500 which formerly were paid annually to other companies. The service to Australia and New Zealand has been maintained continuously. But it is a well known fact that most of the homeward cargoes, especially those carried by the ships that

sailed between Montreal and Australia and New Zealand, were landed in New York and Boston, not brought direct to Canada.

My honourable friend from Alma said that these ships were needed to carry cargoes from Canada to various places. However, the directors of the Canadian Government Merchant Marine point out that sailings to South American ports, which were commenced in 1919, were discontinued in 1921 owing to falling off in cargoes. In 1928 this trade was revived at the request of the Department of Trade and Commerce with an annual subsidy of $120,000 for guaranteed monthly sailings. The Government which was in power at that time paid an annual subsidy of $120,000 to the Canadian Government Merchant Marine in an effort to maintain the sailings to South America. In spite of that, the service had to be discontinued early in 1933, after the late Government came into power, owing to lack of homeward cargoes.

The intercoastal service, commenced in 1924 to develop the British Columbia lumber business in Eastern Canada, was discontinued at the end of 1932—again when the late Government was in power—because our principal opponent decided to go into steamship operation and there was not sufficient business from other shippers to warrant a continuation of the service. Yet my honourable friend from Alma spoke of the British Columbia business as though it would have justified the keeping of some ships.

My honourable friend also pointed out what a great thing it was to have ships flying the flag of Canada on the high seas between Canada and the United Kingdom. Here are the facts. The Atlantic ports service to the United Kingdom was maintained until 1929, when the impossibility of operating this service, with the obsolete tonnage at the company's disposal, in competition with the up-to-date tonnage of other steamship lines, was realized. The Pacific coast service to California was maintained until 1929. In that year, on account of the paper shippers having made other arrangements, the service had to be discontinued. The Newfoundland service was maintained until 1928, when it was discontinued because our vessels were unable to meet the competition of up-to-date ships from other lines. In other words, honourable senators, we were unable to meet the competition from private enterprise. I am a believer in private enterprise myself.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. DUFF: There is too much Government money being spent for purposes like this. Here we have an exhibition of the failure of Government ownership. In spite of the fact that the Government of Canada was pouring out tens of millions of dollars year after year to pay operating deficits—virtually no interest on capital was ever paid except on two occasions—yet private enterprise in the constituency of the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) could put boats in service between Halifax and other Canadian and Newfoundland ports, make money out of the business, and drive this great Canadian Government Merchant Marine off the sea.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: The Pacific coast to Australia service had to be inaugurated because my honourable friend from Alma, finding these ships so many white elephants on his hands, had to do something with them. So he sent them here, there and everywhere, without knowing whether there was any business for them, thus driving Canadian and British ships off the sea, for apparently it did not make any difference whether the Canadian Government Merchant Marine piled up operating deficits or made profits.

Hon. Mr. BALLANTYNE: If my honourable friend will allow me to interrupt him once more, I may tell him that I had nothing whatever to do with the operation of the ships; neither had the Government. We turned them over to the Canadian National Railways.

Hon. Mr. DUFF: I am coming to that if my honourable friend will only be patient. I am not deliberately trying to blame him for what happened. Indeed, I think he is more to be pitied than blamed, for the fact is he was compelled for war and other reasons to build and operate these ships. He is a good business man, and I am confident he would never, even in war-time, have wished to spend millions of money on a merchant marine. Consequently I am not trying to lay either at his door or at the door of any Government all the blame for this unprofitable venture. But my honourable friend started this controversy when he tried to criticize the present Minister of Railways, or the Government, or the trustees of the Canadian National Railways, for getting rid of the last ten ships, and I submit I am quite justified in laying the whole story before honourable members and before the public at large who by any chance may listen to or read my remarks.

Right Hon. Mr. MEIGHEN: Could the honourable member tell me whether the trustees or the Government negotiated this sale?

Hon. Mr. DUFF: My right honourable friend is just as wise as I am with respect to that. I do not know, neither do I care, who negotiated the sale, but I want to give credit to Mr. Bennett, to Mr. Manion, to Mr. Dunning—he was Minister of Railways in 1929—to Sir Henry Thornton, to Mr. Fullerton, to Mr. Labelle, to Mr. Morrow, or to anybody else who decided it was in the best interest of Canada to get clear of the various ships.

Right Hon. Mr. MEIGHEN: To get clear of the small, useless ones.

Hon. Mr. DUFF: I shall deal with that in a moment. I come now to the Pacific coast service to Australia. I am sure my honourable friend from Alma will agree with me that the large type of ships were used in that service. They were not the flat-bottom canal size; they were 8,500-ton boats.

Hon. Mr. BALLANTYNE: A tonnage of 10,500.

Hon. Mr. DUFF: Thanks. The Pacific coast service to Australia, the Orient and India was commenced in 1920 to develop the lumber business from British Columbia, but it was discontinued some time afterwards owing to low rates on outward cargoes and lack of homeward cargoes. In other words, honourable members, that old sea lawyer, Robert Dollar, could run rings around the Canadian National Railways management in operating ships. The vessels built in 1919 and 1920 by the people of this country had to be taken off that service because Robert Dollar was making money hand over fist, while our vessels, being unsuitable—whether they were obsolete or too slow I need not argue—lost money year after year, as I shall show in a moment.

The Pacific coast service to the United Kingdom was commenced in 1924 to develop the grain and lumber business from Vancouver, but it was discontinued in 1927 owing to lack of homeward, or westbound, cargoes.

I have shown that from 1925 to 1934 56 of the 66 ships were disposed of. I cannot tell my right honourable friend whether it was the Government itself or the operators of the Canadian National Railways who sold those 56 ships, but the fact remains that both Liberal and Conservative Governments came to the conclusion that the Canadian Government Merchant Marine was an ill-advised venture, and decided that the sooner they got out of it the better. So during those nine years those Governments reduced the fleet to ten ships.

The 56 ships so sold represented a total of 302,633 dead-weight tons. Their original cost was $61,396,823.49. I do not wish to talk politics in this Chamber, and therefore I do not blame either the Liberal or the Conservative régime in this connection, but let us see what was the result of the sale of these 56 ships by both Governments. As I have said, they cost originally almost $62,000,000. The two Governments, or the two sets of trustees, or the two boards of directors, whichever were responsible, sold them for $2,019,936.67. That is, ships that cost $180 to $210 a ton sold at less than $7 a ton.

Hon. Mr. LYNCH-STAUNTON: Will the honourable member allow a question ?

Hon. Mr. DUFF: Certainly.

Hon. Mr. LYNCH-STAUNTON: I notice the honourable gentleman is talking about something which the honourable senator from Alma never mentioned at all. The question is whether the Government was justified in selling these particular ten ships. Why does he not confine himself to that question?

Hon. Mr. DUFF: The honourable senator from Hamilton is one of the greatest lawyers in Canada.

Hon. Mr. LYNCH-STAUNTON: Good for you!

Hon. Mr. DUFF: My honourable friend from New Glasgow (Hon. Mr. Cantley) and I are both sea lawyers. My honourable friend from Hamilton as a legal gentleman has a reputation to maintain, but I would remind him that he is not now in the police court.

Hon. Mr. LYNCH-STAUNTON: It sounds as if I were.

Hon. Mr. DUFF: Nor is he in the district or Supreme court, and he cannot faze me in the slightest degree.

Hon. Mr. LYNCH-STAUNTON: I could not.

Hon. Mr. DUFF: I will answer my honourable friend in legal phraseology. In order to build up my case against the arguments presented by my honourable friend from Alma, I am entitled to start from the beginning and show exactly what has happened in regard to this whole venture.

Hon. Mr. LYNCH-STAUNTON: That is good policy.

Hon. Mr. DUFF: I thank the honourable gentleman. Therefore, honourable senators, I say that whoever was responsible, surely the Right Hon. W. L. Mackenzie King, the Right Hon. R. B. Bennett, and even my right

honourable friend opposite (Right Hon. Mr. Meighen) in the few months during which he had the honour of being Prime Minister—these right honourable gentlemen and their Cabinet colleagues must have given ample consideration as to whether it was in the national interest to retain these ships and have them plying on the seven seas. Indeed, my right honourable friend opposite was from 1930 to 1935 a member of the Government without portfolio, and surely some time during those years he must have been present in Council when it was decided to sell 30 of those ships at an average price of $7 per ton.

Hon. Mr. QUINN: They ought to sell the railways at the same price.

Hon. Mr. DUFF: If my honourable friend opposite wants to hear my views on that subject, I may tell him that I was never in favour of the amalgamation of the Grand Trunk, the Grand Trunk Pacific, the Intercolonial, the Canadian Northern, and the other railway systems. I believe that our Canadian railways can be better operated under private than under Government ownership.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: But my honourable friend should be careful, for a little bird whispered to me some time ago that certain persons in this country would not mind absorbing another railway. I do not know what my honourable friend is thinking of, but we had better be careful of what we say.

Hon. Mr. QUINN: I feel quite certain, honourable senators, that a sale of the railways at the same rate as the sale of the Canadian Government Merchant Marine would be a wonderful bargain for Canada.

Hon. Mr. DUFF: I will deal with that when we are discussing railway matters. For the present I am dealing with one mess. That is enough at a time.

Now I come to the recent sale of the ten ships. I must confess the honourable senator from Alma was not consulted about that sale. He appears to think that if the past or the present Government had but consulted him, and one or two other honourable gentlemen whom I might mention, on shipping and other matters, no such blunder would have been made. Anyway, I was not consulted on the sale, and therefore I take no responsibility for it, nor am I standing on my feet to defend this transaction. However, in view of what has happened in the last fifteen years with regard to the Canadian Government Merchant Marine, I can, without entering the realm of politics, reach only one conclusion—that these ships should have been sold long ago.

I hope now to prove the soundness of my conclusion. Whether Judge Fullerton negotiated this transaction or not, the fact remains that these ten ships, Canadian Cruiser, Canadian Constructor, Canadian Challenger, Canadian Highlander, Canadian Britisher, Canadian Leader, Canadian Scottish, Canadian Conqueror, Canadian Victor and Canadian Planter were sold at the fabulous price of $4.30 a ton! That is almost five years after my honourable friend's friends sold other ships of the Canadian Government Merchant Marine at $2.10 a ton.

Hon. Mr. BALLANTYNE: They were entirely different ships. My honourable friend might as well compare the price of a Ford car with the price of a Rolls Royce limousine as compare the sale price of those small ships with the sale price of these large vessels.

Hon. Mr. DUFF: I never owned or drove a Rolls Royce. Perhaps my honourable friend owns one.

Hon. Mr. BALLANTYNE: No.

Hon. Mr. DUFF: But I do say the best car for anyone in this country to drive is a Ford, because it is cheap and is cheaply operated. The trouble with most of us is we buy cars that we really cannot afford to drive. It is somewhat similar with respect to the ships my honourable friend talks about. Some smaller ships of other steamship lines, ranging from 2,500 to 4,500 tons, are making a good deal more money than did those ten ships sold the other day, which average about 8,500 tons dead weight.

Hon. Mr. BALLANTYNE: But they never would have answered for the Australian trade.

Hon. Mr. DUFF: I know that, but there are other ships that would.

Hon. Mr. CANTLEY: That is merely an assertion, which the honourable gentleman cannot substantiate.

Hon. Mr. DUFF: Which assertion is my honourable friend referring to?

Hon. Mr. CANTLEY: I am referring to the remark that ships of 2,500 tons are more profitable than ships of 10,000 tons.

Hon. Mr. DUFF: The reason I say that is—

Hon. Mr. CANTLEY: That the honourable gentleman does not know.

Hon. Mr. DUFF: I admit the superior knowledge of my honourable friend from New Glasgow; but he knows as well as I do that sometimes a 100-ton boat makes more money for its owners than a 10,000-ton boat. There are small steamers to-day plying between Liverpool and Halifax and New York which, during the next twelve months, will make a great deal more money than either the Normandie or the Queen Mary. What is the use of splitting hairs about this matter? I submit it must have been proved conclusively to the trustees of the Canadian National Railways—and, if you like, to the present Government—that it was advisable to sell these ten ships. I believe it was the right course to take.

But more than anything else I am interested in what this venture cost the country. These ten ships of 88,579 tons dead weight cost originally $18,118,838.42. I have compiled a short statement showing exactly how the country stands with respect to the Canadian Government Merchant Marine. The original cost of the 66 vessels was $79,521,932.32. This information is contained in the statements which, with the consent of honourable members, I have placed on Hansard. The country received from the sale of those ships, including the ten, for which, I presume, payment has not yet been made, but we hope it will be—

Right Hon. Mr. MEIGHEN: It will not make much difference.

Hon. Mr. DUFF: Not a great deal in comparison with the total expenditure. On the sale of the 66 vessels we have realized $2,491,339.93. In other words, there has been a total capital loss of $77,074,750.17. In addition to the capital loss there was also a total operating deficit to December 31, 1935, of $11,064,725.06.

My honourable friend stated that these vessels made some money in the first two years of their operation. That is quite true. In 1919 the operating profit was $1,056,767.38. That, of course, was gross profit and did not take into account depreciation or marine or fire insurance on the hulls of the vessels. In 1920 the gross profit was $1,263,306.95.

Later there were losses year after year, as follows:

1921	$2,325,905 30
1922	2,470,089 35
1923	1,873,695 67
1924	1,450,887 64
1925	926,844 25
1926	90,159 91
1927	720,735 40
1928	1,209,083 02
1929	878,907 21
1930	834,210 89
1931	444,285 53
1932	326,613 14
1933	17,938 53
1934	127,265 81

In 1935, instead of a loss, there was a gross profit of $311,822.26; but on the operations of all those years there was an operating deficit, inclusive of interest and depreciation, of $11,064,725.06. With the permission of the Senate I should like also to put this statement on Hansard.

Canadian Government Merchant Marine, Limited

Income Statement, Years 1919 to 1935

——	1919	1920	1921	1922	1923	1924
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Operating revenue:						
Vessels—closed voyages	2,770,049 09	9,990,315 45	10,707,692 06	9,672,253 31	8,884,898 02	8,771,612 77
Subsidies	.....	.....	59,090 00	59,250 00	43,458 83	39,146 52
Other revenue	869 66	11,055 01	*16,786 99	33,373 66	60,392 90	16 07
Total revenue	2,770,918 75	10,001,370 46	10,749,995 07	9,764,876 97	8,988,749 75	8,810,775 36
Operating expenses:						
Vessels—closed voyages	1,658,475 37	8,416,555 06	12,359,354 08	11,477,019 35	10,280,455 32	9,633,109 05
Vessels—lay up	Lay-up expen	ses are includ	ed in closed	voyages from	1919 to 1924.	.....
Operation of agencies	.....	.....	.....	98,506 61	86,605 24	119,886 96
Management and office salaries	41,013 44	207,731 78	334,975 34	311,629 83	317,092 78	323,104 19
Rents, taxes, etc	.....	11,305 27	19,365 14	13,153 33	12,948 24	13,763 46
Travelling expenses	.....	22,947 98	24,647 56	25,713 14	27,474 84	33,619 94
Printing and stationery	6,825 15	21,101 69	30,239 17	18,336 54	15,955 65	16,642 06
Advertising	2,740 10	12,991 66	30,375 81	33,015 59	32,285 83	33,833 43
Postage, cables and telegrams	3,404 95	20,964 69	50,834 98	56,641 82	48,865 91	35,859 24
Office supplies and expenses	.....	.....	32,010 51	27,478 13	12,822 29	9,381 00
Miscellaneous expense	9,612 78	28,537 69	21,266 12	19,160 67	31,498 28	42,726 66
Interest and exchange	*7,920 42	*26,072 31	61,831 66	18,189 31	*3,558 96	*262 99
Provision for uncollectable accounts	.....	22,000 00	111,000 00	136,122 00	.....	.....
Total expenses	1,714,151 37	8,738,063 51	13,075,900 37	12,234,966 32	10,862,445 42	10,261,663 00
Operating profit (or loss)	1,056,767 38	1,263,306 95	*2,325,905 30	*2,470,089 35	*1,873,695 67	*1,450,887 64
Other charges:						
Additions and betterments on vessels sold	.....	.....	.....	.....	.....	.....
Interest paid Government	415,358 36	597,415 60	.....	.....	.....	.....
Appropriation of Insurance Fund to reduce indebtedness to Dominion Government	.....	.....	.....	.....	.....	.....
Total operating profit (or loss)	641,409 02	665,891 35	*2,325,905 30	*2,470,089 35	*1,873,695 67	*1,450,887 64
Charges for depreciation and interest due Government:						
Interest accrued not paid	.....	1,232,552 07	3,351,500 14	4,197,037 41	4,495,184 78	4,466,144 30
Depreciation accrued	150,994 46	664,846 86	2,370,229 62	2,925,514 02	2,999,789 92	2,919,577 43
Interest cancelled on vessels sold	.....	.....	.....	.....	* 335,384 25	*716,321 57
Depreciation cancelled on vessels sold	.....	.....	*27,295 43	*58,018 84	*206,535 57	*238,097 98
	150,994 46	1,897,398 93	5,694,434 33	7,064,532 59	6,953,054 88	6,431,302 18
Net change in Profit and Loss Account	490,414 56	*1,231,507 58	*8,020,339 63	*9,534,621 94	*8,826,750 55	*7,882,189 82

NOTES: Interest due to the Dominion Government (Rate 5½%) and depreciation on vessels (Rate 4%) are calculated on the original war-time cost of vessels.

The asterisks denote figures in red ink.

Canadian Government Merchant Marine, Limited

Income Statement, Years 1919 to 1935—Continued

——	1925	1926	1927	1928	1929	1930
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Operating revenue:						
Vessels—closed voyages	9,805,587 94	10,942,158 25	10,212,159 04	9,060,349 81	8,260,566 10	5,043,757 54
Subsidies	34,228 98	13,207 52	22,401 73	52,134 72	110,000 00	120,000 00
Other revenue	251 78	71 28	9 00	26 00	875 13	1,145 57
Total revenue	9,840,068 70	10,955,437 05	10,234,569 77	9,112,510 53	8,371,441 23	5,164,903 11
Operating expenses:						
Vessels—closed voyages	10,112,600 07	10,349,844 15	10,206,851 25	9,500,827 28	8,645,634 86	5,411,456 45
Vessels—lay up	84,967 71	57,704 02	41,802 35	70,012 82	102,226 36	174,947 71
Operation of agencies	136,792 93	167,539 25	167,058 63	169,917 83	175,051 97	146,963 86
Management and office salaries	335,376 13	352,111 74	372,693 74	379,671 22	220,610 42	178,998 33
Rent, taxes, etc	13,642 14	13,188 94	13,083 49	15,434 85	8,044 69	8,764 39
Travelling expenses	24,335 79	22,948 20	21,275 16	24,661 66	13,325 70	18,735 56
Printing and stationery	6,015 08	16,479 71	17,153 01	15,509 92	7,404 65	4,748 29
Advertising	32,949 98	25,388 11	35,683 06	33,309 31	26,852 40	15,314 29
Postage, cables and telegrams	32,675 25	35,242 45	33,192 12	41,020 04	18,112 91	12,014 69
Office supplies and expenses	13,891 04	16,807 67	20,788 49	24,378 38	12,252 78	12,971 41
Miscellaneous expense	39,234 35	22,343 09	25,118 53	25,390 56	21,873 30	19,029 34
Interest and exchange	*34,633 36	*34,000 37	605 34	21,459 68	*1,041 60	*4,830 32
Provision for uncollectable accounts	*30,934 16					
Total expenses	10,766,912 95	11,045,596 96	10,955,305 17	10,321,593 55	9,250,348 44	5,999,114 00
Operating profit (or loss)	*926,844 25	*90,159 91	*720,735 40	*1,209,083 02	*878,907 21	*834,210 89
Other charges:						
Additions and betterments on vessels sold						
Interest paid Government						
Appropriation of Insurance Fund to reduce indebtedness to Dominion Government						
Total operating profit (or loss)	*926,844 25	*90,159 91	*720,735 40	*1,209,083 02	*878,907 21	*834,210 89
Charges for depreciation and interest due Government:						
Interest accrued not paid	4,114,631 24	4,037,301 43	3,904,626 15	3,905,126 51	3,187,926 35	3,188,998 79
Depreciation accrued	2,626,037 45	2,559,759 73	2,461,578 04	2,431,315 71	1,861,925 27	1,821,647 11
Interest cancelled on vessels sold	*1,788,105 62	*478,005 36	*890,484 10	*490,740 13	*6,410,666 94	*543,344 18
Depreciation cancelled on vessels sold	*1,248,824 15	*327,892 41	*647,464 40	*336,094 03	*4,580,610 23	*383,476 98
	3,703,738 92	5,791,163 39	4,828,255 69	5,509,608 06	5,941,425 55	4,083,725 34
Net change in Profit and Loss Account	*4,630,583 17	*5,881,323 30	*5,548,991 09	*5,718,691 08	5,062,518 34	*4,917,936 23

NOTES: Interest due to the Dominion Government (Rate 5½%) and depreciation on vessels (Rate 4%) are calculated on the original war-time cost of vessels.

The asterisks denote figures in red ink.

Canadian Government Merchant Marine, Limited

Income Statement, Years 1919 to 1935—Concluded

—	1931	1932	1933	1934	1935	Total
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Operating revenue:						
Vessels—closed voyages	3,650,322 39	2,224,592 93	2,037,259 15	2,158,141 94	2,598,576 12	116,790,291 91
Subsidies	130,000 00	30,000 00	.....	.....	.....	712,918 30
Other revenue	8,906 45	7,162 47	192,637 85	144,417 43	165,973 97	610,396 24
Total revenue	3,789,228 84	2,261,755 40	2,229,897 00	2,302,559 37	2,764,549 09	118,113,606 45
Operating expenses:						
Vessels—closed voyages	3,759,705 54	2,264,121 37	2,150,103 90	2,354,085 98	2,378,465 19	120,958,664 27
Vessels—lay up	158,491 37	65,380 73	34,632 84	17,744 98	17,212 14	825,123 03
Operation of agencies	106,152 88	88,863 69	.....	.....	.....	1,463,339 85
Management and office salaries	153,180 18	128,760 08	45,487 59	42,288 96	37,439 29	3,782,165 04
Rent, taxes, etc	7,685 72	6,157 57	3,741 01	3,748 36	3,821 47	167,848 07
Travelling expenses	11,411 41	5,563 12	.....	.....	.....	276,660 06
Printing and stationery	4,145 09	2,060 76	.....	.....	.....	182,616 77
Advertising	10,754 60	5,122 48	3,208 82	2,671 59	2,276 57	338,773 63
Postage, cables and telegrams	13,137 32	8,839 92	.....	.....	.....	410,806 29
Office supplies and expenses	8,519 24	8,065 03	13,497 98	10,833 56	14,533 18	238,230 69
Miscellaneous expense	8,314 76	11,906 82	.....	.....	.....	326,012 95
Interest and exchange	*7,983 74	*6,473 03	*2,836 61	*1,548 25	*1,021 01	*30,096 98
Provision for uncollectable accounts	.....	.....	.....	.....	.....	238,187 84
Total expenses	4,233,514 37	2,588,368 54	2,247,835 53	2,429,825 18	2,452,726 83	129,178,331 51
Operating profit (or loss)	*444,285 53	*326,613 14	*17,938 53	*127,265 81	311,822 26	*11,064,725 06
Other charges:						
Additions and betterments on vessels sold	.....	77,151 18	5,466 90	1,539 70	.....	84,157 78
Interest paid Government	.....	.....	.....	.....	.....	1,012,773 96
Appropriation of Insurance Fund to reduce indebtedness to Dominion Government	.....	.....	*2,000,000 00	*1,000,000 00	.....	*3,000,000 00
Total operating profit (or loss)	*444,285 53	*403,764 32	1,976,594 57	871,194 49	311,822 26	*9,161,656 80
Charges for depreciation and interest due Government:						
Interest accrued not paid	3,177,738 70	2,568,778 15	1,753,905 00	1,609,020 94	1,586,664 67	50,777,136 63
Depreciation accrued	1,783,390 33	1,301,957 97	788,052 98	726,720 91	726,720 91	31,119,959 32
Interest cancelled on vessels sold	*575,990 31	*6,886,479 71	*8,666,741 68	*1,173,773 11	.....	*28,956,036 96
Depreciation cancelled on vessels sold	*417,864 20	*4,962,097 29	*6,186,592,25	*846,435 27	.....	*20,467,299 03
	9,967,274 52	*7,977,840 88	*12,311,375 95	315,533 47	2,313,385 58	32,473,759 96
Net change in Profit and Loss Account	*4,411,560 05	7,574,076 56	14,287,970 52	555,661 02	*2,001,563 32	*41,635,416 76

Note re years 1933/35: Overseas agencies expenses, salaries and expenses of traffic offices, operating (75%) purchasing departments, cables and telegrams previously shown under management and general expenses are included in closed voyages 1933, 1934 and 1935.

The asterisks denote figures in red ink.

Now, honourable senators, there is a more serious aspect of this matter. The sum of $79,606,000 was borrowed from the people of Canada, and from 1919 and 1920 to the end of December last year the total interest due on the money borrowed was $50,777,136.63. In 1919, there having been a gross profit of a million dollars, there was paid back to the Government in interest $415,358.36, and in 1920, $597,415.60. Those two amounts added together make $1,012,773.96. In addition to that, out of what is called the Insurance Reserve Fund there was paid back $3,000,000, making a total of $4,012,773.96. That leaves due a balance of interest on the capital amounting to $46,764,362.67, and when this sum is added to the $88,000,000 advanced by the Government on capital account and for deficits, there is shown a loss to the people of this country of $134,933,837.90.

Now let us go a little further. During the years that these ships were operating there was built up, as I mentioned a few moments ago, a certain insurance fund. This fund, which was accumulated from year to year, was built up not on the total value or total cost of the ships, but on a value which was less than the ships would have brought in the open market at the time. Consequently, if the ships had been owned by a private individual or corporation instead of by the Government of the country, and if that private individual or corporation had borrowed the $79,000,000 from banks or trust companies, or elsewhere, one of the first things the lender would have insisted upon would have been that the ships be insured to the full amount of the loan; and if you figure the premium on a risk of $79,000,000 at 5¼ per cent, which is a fair and reasonable premium, you will see that the Government was carrying a risk of $45,000,000 during the time these ships were being operated. Therefore I say that up to the time the ships were disposed of, in addition to losing $134,000,000, we were assuming a risk of $45,000,000 less the $4,000,000 which was in reserve and paid back to the Government; or, in other words, $40,987,226.04. So as a result of this venture the people of this country are out, in the final analysis, $175,921,063.94; and—although I think the honourable senator from Alma said that these trade routes had to be maintained by the people of the country—the Government, in addition to losing $46,000,000 interest and this total investment of almost $88,000,000, had to give the Canadian Government Merchant Marine $712,000 in subsidies.

Hon. Mr. BALLANTYNE: In the total figures do you include the Lady boats built by the King Government, or the Prince boats at Victoria?

Hon. Mr. DUFF: No, I do not, but I should be delighted to discuss them later. My honourable friend should not endeavour to draw a red herring across the trail.

Hon. Mr. LYNCH-STAUNTON: The honourable gentleman himself should stop drawing a herring, and should come to the point.

Hon. Mr. DUFF: I have heard members make speeches of four or five hours in another place, and though I am not egotistical, I think I have done just as well as some of those gentlemen. The honourable gentleman will remember that on one occasion I made a speech of some five hours and paid him compliments all through it.

In an attempt to keep these routes revivified by the use of Government Merchant Marine ships the Government of the country gave another $712,000 in addition to the investment. I desire also to place a statement of these figures on the record.

Loss to Canada on Cost and Operation of Canadian Government Merchant Marine

Original cost of 66 vessels	$79,521,932 32	
Additions and betterments	84,157 78	
		$ 79,606,090 10
By amount received for 66 vessels		2,491,339 93
		77,104,750 17
To total operating deficit to December 31, 1935		11,064,725 06
		88,169,475 23
To total interest due Gov't	$50,777,136 63	
Less interest paid from revenue 1919 and 1920	$1,012,773 96	
Less amount paid to Gov't. from insurance reserve	3,000,000 00	4,012,773 96 46,764,362 67
		$134,933,837 90
If vessels had been insured each and every year at full cost, 79 millions at 5¼ per cent premium on marine risk etc., there would be a further loss of	45,000,000 00	
Less amount of insurance	4,012,773 96	
		40,987,226 04
		175,921,063 94
Subsidies paid by Government		712,000 00
		$176,633,063 94

Now, honourable senators, I have given you in a few words the story of the Canadian Government Merchant Marine. Nobody would have been better pleased than I if the operation had been a success. I believe the honourable gentleman from Alma (Hon. Mr. Ballantyne) was sincere when he brought the legislation down to the House in 1918, and I think he was sincere up to the time when, as he said himself, he quietly passed it over and threw the burden on someone else's shoulders.

My honourable friend spoke about the present agreement not being specific. He said it used the word "reasonable," which might be construed as meaning anything. Let me say that I should like to see the ocean full of ships registered in Ottawa, Montreal, Quebec, Halifax, Saint John or Vancouver. Nobody would be more delighted at that than I, even though fifteen years ago I pointed out what I thought was going to happen with regard to these ships. I said immediately the War was over there was no necessity for building them, and I advised the Government of the day to sell those that had been built and pay off and settle with the shipbuilders. That might have cost us $5,000,000 or $10,000,000, but if we had followed that course, instead of having a loss of $150,000,000, we should to-day be in a very different position. I have been brought up among sailors, and in my humble way have always taken an interest in the seamen of this country; and whether there are sixty-six ships or ten in the Canadian Government Merchant Marine, I take second place to no man in my interest with regard to captains, mates, engineers and stewards. The honourable member knows that when he was Minister I pressed upon him the desirability of having those ships manned and sailed by men from the Maritime Provinces and the Pacific Coast. With regard to the Lady boats and those two monstrosities —what are the names?—

Hon. Mr. BALLANTYNE: The Prince Henry and the other one.

Hon. Mr. DUFF: I have my own views about them, but I have never at any time failed to urge that Canadians should man and sail our ships in the seven seas of the world. I am proud to say that from my own adopted county of Lunenburg there were on the sixty-six ships of the Canadian Merchant Marine more captains, mates, quartermasters, cooks and sailors than from perhaps any other part of Canada.

An Hon. SENATOR: But only one Admiral.

Hon. Mr. DUFF: I am the Admiral.

As we are having a funeral, it would be as well to let the "dead past bury its dead," and say requiescat in pace.

Hon. Mr. DANDURAND: I shall have to examine into the statement of the honourable senator from Alma and the reply of the honourable gentleman from Lunenburg (Hon. Mr. Duff) to see if all the points have been covered. One or two questions put by the honourable gentleman from Alma may not have been answered, and with respect to these I shall be glad to secure information from the Minister of Marine to bring to my honourable friend. I move the adjournment of the debate.

The debate was adjourned.

DISCHARGE OF UNEMPLOYED FROM CONCENTRATION CAMPS

INQUIRY

On the Orders of the Day:

Right Hon. Mr. MEIGHEN: I should like to ask the leader of the Government—I do not expect an answer at once—if he would put himself in a position to give us some information as to what is to be done after the 1st of July with the unemployed men who are in our concentration camps. What is the Government's program with respect to the twelve or thirteen thousand men who on that date are to be turned adrift from the camps? I believe there is some arrangement for utilizing all who can be used in railway work, on the basis that part of their remuneration will be paid by the Government. But what I am anxious about, and what I should like the honourable gentleman to keep particularly in mind, is the question of what is to happen these men during the coming winter, at the expiration of the three months' employment.

Hon. Mr. CASGRAIN: They will be happy. They did not like the camps. They found fault.

Right Hon. Mr. MEIGHEN: That may be, but there are certain people who have to be taken care of notwithstanding their own foolishness.

Furthermore, what is to happen the proportion, which I fear will be considerable, who will not be of any service at all in the railway work which the Government appears to have in mind? I think it is time we knew. I am not so much concerned about the speed with which the information is brought down as with the specific intention of the Government regarding this vast number of men. Much that will go to the very root of our social welfare in the next few months or the next year will depend upon this.

Hon. Mr. DANDURAND: If I understand the question, it is this. A certain number of these men—I think the figure of ten thousand has been mentioned—will be employed for a certain time on the railways. My right honourable friend desires to know what is to be their fate after that work is done, and also what will be the fate of those who are not employed and who stand to be turned out of the camps on the 1st of July. I shall secure an answer for my right honourable friend.

INDIAN BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 4, an Act to amend the Indian Act.

He said: My right honourable friend has asked about the special form of police control lately established with respect to the Indian reserves. I sent a query to the department, but the only answer I got was with respect to informers. On the point about which my right honourable friend inquired most particularly there has been no answer except the statement, on the subject of general policy, that it was considered better for the good administration of the reserves that informers should not be encouraged to denounce their neighbours in order to secure a moiety of the fine. I shall try again to secure the answer to the question of my right honourable friend. In the meantime we may give the Bill third reading.

Right Hon. Mr. MEIGHEN: I do not intend to oppose the passing of the Bill, because this matter, though important, does not go to the root of the measure. It is indicated in the explanatory note on the right-hand page of the Bill that there are special means of police supervision.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: I want to place on record my opinion that these reserves will inevitably be exposed to corruption unless some system of constant supervision and scrutiny is established. In the past we have followed the practice of paying a premium to informers. I say it is exceedingly perilous to discontinue that practice, as this Bill seeks to do, unless we provide for special police supervision.

Hon. Mr. DANDURAND: I quite realize the point of the right honourable gentleman, and I shall obtain the information for which he has asked.

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

DIVORCE AND REMARRIAGE BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. J. J. HUGHES moved the second reading of Bill C, an Act respecting the remarriage of certain divorced persons.

to discuss and to hear discussed the motion

He said: Honourable senators, reasoning upon the theory that all things come to those who wait, I am glad to have an opportunity to discuss and to hear discussed the motion that has stood on the Order Paper in my name for some weeks. The difficulty in reaching this measure, because of the busi- indicate that honourable senators are a very busy body of men.

The purpose of the Bill now before this House is to change the divorce law of the country so that hereafter when a divorce is granted in Canada by statute or by court of competent jurisdiction the guilty party, or respondent, shall not be permitted to marry any person other than his or her former spouse during the lifetime of the said spouse. In asking Parliament so to determine, I think the duty devolves on me to show that the change would be in the interest of the State and in accordance with Divine law. Whatever is in accordance with Divine law cannot fail to be for the good of the individual and the State. I should much prefer to get an Act of Parliament preventing all divorcees from marrying other than their former spouses during the lifetime of such spouses, but I am afraid Parliament would not pass such a bill, and I think it is the part of wisdom to accept the best law we can get in the matter.

I am basing my arguments upon the assumption that Parliament is a Christian assembly in at least a supposedly Christian nation. Every sitting of both Houses is opened with prayer for Divine blessing upon the nation and the Royal Family, also for Divine guidance in our work. But, as I see it, we are not consistent with our profession, for although the chief part of the prayer we use was made by Christ Himself and is of such a profound character that no merely human being could have composed it, immediately after prayers we proceed to enact legislation that goes directly contrary to the public teaching of Him who made the Lord's prayer.

Now, where shall I go to obtain proof to justify the strong statements I have made? Speaking by and large, there are in Christendom two large bodies of Christians—Catholics and Protestants—who hold the Bible to be the written record of God's revelation to man. Therefore, to the Bible I appeal. And if this

is a Christian assembly my appeal must be granted. There is nothing in the Bible, properly understood, which is contrary to reason. There is in it much that is clear and comprehensible to persons of ordinary intelligence, particularly to men of goodwill. And in it there is necessarily much beyond the understanding of our finite minds. I shall quote what appears to me to be clear, comprehensible and unmistakable.

St. Paul, writing to the Romans, says:

Let every soul be subject unto the higher powers. For there is no power but of God: the powers that be are ordained of God.

The Christian ruler or legislator reading this will think seriously of his responsibilities. St. Paul goes on:

For this, Thou shalt not commit adultery, Thou shalt not kill, Thou shalt not steal, Thou shalt not bear false witness, Thou shalt not covet; and if there be any other commandment, it is comprised in this, Thou shalt love thy neighbour as thyself.

Here St. Paul classes adultery with murder, theft and other serious crime.

Now let us look at the Gospels. I quote both from the Revised and the Douay Versions:

And I say unto you, Whosoever shall put away his wife, except it be for fornication, and shall marry another, committeth adultery: and whoso marrieth her which is put away doth commit adultery.—Matthew, 19, Revised Version.

And I say to you, that whosoever shall put away his wife, except it be for fornication, and shall marry another, committeth adultery: and he that shall marry her that is put away, committeth adultery.—Matthew, 19, Douay Version.

And He saith unto them, Whosoever shall put away his wife, and marry another, committeth adultery against her. And if a woman shall put away her husband, and be married to another, she committeth adultery.—Mark, 10, verses 11 and 12, Revised Version.

And He saith to them, Whosoever shall put away his wife and marry another, committeth adultery against her. And if the wife shall put away her husband, and be married to another, she committeth adultery.—Mark 10, verses 11 and 12, Douay Version.

Whosoever putteth away his wife, and marrieth another, committeth adultery, and whosoever marrieth her that is put away from her husband committeth adultery.—Luke, 16, verse 18, Revised Version.

Everyone that putteth away his wife, and marrieth another, committeth adultery; and he that marrieth her that is put away from her husband, committeth adultery.—Luke, 16, verse 18, Douay Version.

I quote again from St. Paul:

And unto the married I command, yet not I, but the Lord, Let not the wife depart from her husband. And if she depart, let her remain unmarried, or be reconciled to her husband: and let not the husband put away his wife.—First Corinthians, 7, verses 10 and 11, Revised Version.

Hon. Mr. HUGHES.

But to them that are married, not I but the Lord commandeth, that the wife depart not from her husband, And if she depart that she remain unmarried or be reconciled to her husband. And let not the husband put away his wife.—First Corinthians, 7, verses 10 and 11, Douay Version.

I would draw attention to the fact that St. Paul explicitly states the commandments which he has laid down are not his, but the Lord's.

For this cause shall a man leave his father and mother, and shall be joined unto his wife, and they two shall be one flesh. This is a great mystery; but I speak concerning Christ and the Church.—Ephesians, 5, verses 31 and 32, Revised Version.

For this cause shall a man leave his father and mother, and shall cleave to his wife, and they shall be two in one flesh. This is a great sacrament: but I speak in Christ and in the Church.—Ephesians, 5, verses 31 and 32. Douay Version.

Here again St. Paul declares that he is writing not his own views, but the mind of Christ and the Church.

Some commentators hold that St. Matthew's Gospel permits an injured husband not only to separate from his wife, but to marry another. As I understand it, the Catholic Church holds that this view is erroneous and that St. Matthew gives only the right of separation from bed and board. If it were otherwise it would mean a serious difference on this important subject among the Evangelists and the Apostles, because St. Mark, St. Luke and St. Paul made no exceptions to the rule. If any exceptions were allowed it would mean that married Christians in Palestine were given a freedom or licence which was withheld from married Christians in Judea, in Corinth and in Ephesus, and this would be outside the realm of the possible. In any event many persons, if not all, hold that in no place does the law of Christ give the guilty party the right to marry again while his or her former spouse is alive. The refusal of this privilege is all I am asking for in this Bill.

I introduced this Bill and it was given first reading on Monday, March 23. In the regular order of things the motion for second reading should have been the first order of the day for Wednesday, March 25. On the preceding day, Tuesday, the honourable leader of the House introduced a bill confirming the reciprocity agreement between Canada and the United States and asked as a special favour that it be given second reading the next day, saying at the same time that there was nothing of importance on the Order Paper for that day. A day or two later the honourable senator from Winnipeg (Hon. Mr. McMeans) called my atten-

tion and the attention of the House to the fact that apparently the leader of the House, who is also my leader, thought very little of my proposed legislation. A short discussion followed as to whether the second reading of my Bill should not be put off till after the Easter holidays. The right honourable leader of the other side interjected a remark to the effect that it might be postponed till a much later date, implying thereby that if the second reading were put off for ever no great interest would suffer. Now, while I have much respect for the views of our two leaders and of every other honourable senator on all subjects that come before this House, I am compelled to have still greater respect for the clear statements of the Evangelists, the Apostle Paul and our Lord Himself, on the subject of marriage and divorce.

It has been argued, even in this House, that by forbidding the respondent in a divorce action from marrying a person other than his former spouse we probably should not prevent the guilty parties from cohabiting, and that the last state would be worse than the first. I am not at all sure of that. I think I could present strong arguments on the other side. But, after all, such arguments would decide nothing; they would be one man's opinion against another's. The real question, the question which the Christian must always consider, is this: Did the Omniscient God legislate on this subject? St. Paul and the Evangelists in the Bible say that He did, and that He made no provision for the guilty party or either party marrying another. Therefore the opponents of such legislation as I propose must hold that Christ made a mistake, that He did not realize the consequences of His own teaching, and that we of the twentieth century must correct these defects. To what terrible conclusion does this reasoning lead? It leads inevitably to the conclusion that Christ was not God. I could understand an atheist or a pagan using such arguments, but I have no idea of how a Christian could use them. That is entirely beyond me. They are, I think, a good illustration of the loose thinking of the age, and of the mockery that a large part of Christendom is making of Christianity.

It has also been stated in this House and elsewhere that you cannot make men moral by legislation and that the teaching of morals is not the primary or particular duty of legislative bodies. Even if this is admitted to be true, it does not follow that legislatures should provide and legalize facilities for the doing of evil; nor does it follow that legislative bodies should not call attention to what may be some of the moral weaknesses of our social system and age. I read many of the sermons published in the secular press on Saturdays, Mondays and other days of the week, and I hear over the radio some of the sermons preached on Sundays. While goodness, morality and aestheticism are properly emphasized in them, if evil is denounced at all it is denounced in such general terms that no sinner in any congregation could be offended, no matter how influential or powerful he might be. If John the Baptist had been satisfied with this kind of preaching, in all human probability he would have died in his bed. But then he would not have been John the Baptist.

A short time ago I read in a notable English denominational publication an article or sermon written or delivered by the Rev. Dr. Fosdick, an outstanding Modernist, and pastor of a very wealthy and fashionable congregation in New York City. This article or sermon was given first-page prominence in the publication referred to. He stated that he had gotten away beyond Modernism and was still progressing to some unknown place where very learned, scientific people would be found, and where due regard would be given to such parts of Christianity as to him and them seemed sensible. But the Christianity that we and our fathers believed and practised would have to accommodate itself to the latest vagaries of the pseudo-scientists, or get off the earth.

Newman, of whom it was said that he had a mind as sharp as a diamond and as clear as the glass which the diamond cuts, saw no conflict between religion and science. Of course he saw no conflict: it would be hard to see what does not exist. God is the author of both religion and science, and God is truth. Truth is never in conflict with itself. There is hardly anything to-day that people will not believe, or pretend to believe, if presented to them in the name of science; and there is hardly anything which the same people will not doubt or disbelieve if presented to them as God's revelation to man. Yet if anything in this world is certain it is that God spoke to man and is still speaking to him. The school to which Dr. Fosdick belongs is large and growing, and I must ask: is Communism as preached and practised in Russia, Mexico and other countries the greatest menace Christianity has to face? In the countries named, Communism comes more or less into the open; it does not masquerade, to the destruction of many, in Christian pulpits, pews and churches. Modernism and Communism, though apparently differing, have

much in common. They begin by doubting or denying the divinity of Christ and end in the same Serbonian bog of materialism. A few years ago the higher critics and the learned professors in Germany tore the Bible into shreds. The whole world admired, and rich families everywhere sent their sons to Germany to finish their education. Germany has had some troubles since then, and I am afraid they are only beginning. If the news dispatches are to be relied on, the present political regime in that country will soon publish a new German Bible, which will eliminate most of Christ's teaching, and substitute therefor the latest Nazi beliefs.

Honourable members may ask me, what has all this to do with marriage and divorce in Canada. It has much to do with it. Christianity is a seamless robe; it is not a garment that can be changed and coloured to suit times and places and individual tastes, and it is never found associated with intellectual pride; not often with worldly pride. It is seldom at peace with the world. "The servant is not greater than the Master." Moreover, we cannot accept the part or parts of Christianity that may be pleasant and agreeable to us, and reject the parts that are not to our liking. Anybody who can look at the world to-day—the whole world, not merely a part of it—and cannot see that it is rushing down a steep place into the sea, must be blinder than Bartimeus was. Bartimeus was at least conscious of his own great affliction, and was sensible enough to seek the only Physician who could cure him. "Except the Lord build the house they labour in vain that build it: except the Lord keep the city, the watchman waketh but in vain."

Looking out over the world, we see that the evil of divorce is spreading in every country where it is legalized. It has attained to appalling proportions in the United States, and, sad to say, Canada is following in the wake. In England it has grown so fast, and has taken on such features, that a bill is now before Parliament seeking to prevent any divorce from being granted within five years of the date of the marriage, and removing the present legal compulsion upon clergymen of the Church of England to remarry divorced persons or allow the use of their churches for the ceremony. It is now known that organizations exist in England, the United States, and perhaps in Canada, to manufacture evidence for persons seeking divorce and to supply such persons with co-respondents, both male and female—if they can pay for them. And everybody who has anything to do with divorce committees or divorce courts knows that collusion between the husband and the wife exists in a large majority of the cases. In fact, divorce has become a racket which, if not curbed, bids fair to destroy western civilization.

Every person who thinks knows that the family is the unit of the Christian State, and the foundation upon which all sound civilized society rests; perhaps I should be justified in saying the foundation upon which all civilized society rests. The anti-Christian societies and nations know this just as well as we do. Therefore the first thing they do when and where they obtain power is to attack the home and family life, and either make divorce easy or abolish marriage altogether and make children the wards of the State. If this is not a challenge to all Christian peoples and to all law-making assemblies in Christian nations, the darkness of Erebus must have taken possession of them.

After giving the matter consideration, it is possible that Parliament may wish to go farther than I have gone in this Bill, and if so, the Bill can be amended.

Hon. Mr. ASELTINE: Can the honourable senator tell me if in any other country, in regard to marriage of divorced persons, there is legislation similar to the provision of this Bill?

Hon. Mr. HUGHES: I cannot say. I firmly believe that this Bill is in accordance with the law of Christ, and that in my opinion is far more important than the precedent that might be established by the law of any other nation. I very much fear that the setting aside of the Divine law is the principal cause of all the troubles prevailing in the world to-day.

Right Hon. GEORGE P. GRAHAM: Honourable members, I have on various occasions in this and the other House expressed my disapproval of divorce on the ground that, while in not a few cases it is a relieving process, it is not in the best interests of the greatest number of the people.

All my life I have had two hobbies—if they may be called hobbies. I have had but slight support for either. I have always been opposed to capital punishment and to divorce.

Hon. L. McMEANS: Honourable members, I congratulate the honourable senator from King's (Hon. Mr. Hughes) on the introduction of this Bill. I do not intend to enter into any religious argument, nor to attack the grounds on which he has based his Bill, but some features of it are simply astounding.

The principle involved was discussed in the House of Lords away back in 1771, long before the passing of the Divorce Act, which

became law in England in 1857. Again in 1800 a Bill similar to that now before us was introduced in the British House of Commons, with the exception that it did not seek to constitute adultery as a crime. The honourable gentleman would add a new crime to the calendar, which is pretty well filled up already. True, marriage is not a crime: to bring yourself within the scope of the Bill you must get married, then you must commit adultery, and then you must marry again. The whole basis of the Bill, I fancy, is adultery, because without the commission of this act there cannot possibly be any crime. And British law-makers have never made adultery a crime. It never was a crime under the law of Great Britain or any other country that I know of.

Hon. Mr. HUGHES: Do I understand the honourable gentleman to say never?

Hon. Mr. McMEANS: Never.

Hon. Mr. HUGHES: All right.

Hon. Mr. McMEANS: It has always been the policy of Great Britain not to interfere with the morals of the people with respect to marital misconduct.

The honourable gentleman's whole argument is directed against remarriage of divorced persons. I am sure no one who has listened to his speeches in this House would accuse him of a desire to promote immorality. Certainly I should be the last one to accuse him of such a purpose. But there cannot be the least doubt that if his Bill became law it would increase immorality among the people.

Let me give my honourable friend an illustration. I refer him to a case which was decided in the English courts in 1919. The applicant for divorce, a captain in the British army, on his return from the front found his wife had neglected their children and was leading an immoral life. He took the children away and put them in charge of another woman, with whom he lived. The judge held that the plaintiff was guilty of adultery, but that under the circumstances it was in the interest of public morality to give him a chance to marry the woman with whom he was living. The King's Proctor intervened, but the judgment of the trial court was upheld. I am citing Wilson vs. Wilson, which will be found in 1920 Law Reports (Probate) at page 20. It is now regarded as a leading case in support of the principle that in such circumstances it is wise to grant a divorce in order to put an end to the immoral relations and let the children be brought up under proper domestic conditions.

Prior to 1857 a poor man could not afford the expense incident to divorce. Only the very wealthy could obtain it, after securing a judgment in the high court, then applying to the ecclesiastical court for a divorce a mensa et thoro—from bed and board—and then filing a petition in the House of Lords.

Reverting to the question of immorality, I may say that even as far back as 1771 the argument that my honourable friend (Hon. Mr. Hughes) has advanced here was advanced in the House of Lords.

Hon. Mr. BEAUBIEN: In 1771?

Hon. Mr. McMEANS: In 1771. A Bill similar to the present one was introduced in the House of Lords and was rejected by the Commons.

Here is what I find regarding Mr. Fox, that great orator and contemporary of Burke:

> Mr. Fox entered into a long discussion of the Bill.... He took it up on the doctrine of non-representation, which he said had been so many years agitated in that House; he averred the ladies to be totally unrepresented, therefore entitled to the most tender treatment in cases where the sexes were to be distinguished. He then inveighed against the Bill in its present form, as unequal, unjust, and tyrannical, tending to do more hurt than good by preventing the fair delinquents from making the only atonement to society in their power for past errors, and driving them to become common prostitutes.

I think that if the honourable gentleman had given more consideration to this Bill, he undoubtedly would have found that it would promote immorality among the people.

I am glad of an opportunity to say a few words on the question of divorce. I think that in Canada we have, without doubt, a most disgraceful state of affairs. An applicant who is domiciled in Quebec has to file a petition to Parliament. What is the result? The case is taken before the Divorce Committee of the Senate, which hears the evidence and gives a decision at once. But that committee has no power over the children of the parties, or in relation to alimony or costs, and there is no appeal. The committee reports to this House, and on the basis of the report a Bill is presented. After passing this House the Bill goes to the other House, where it is referred to a committee, and the case is tried over again without the taking of any evidence at all. Counsel are employed, and they go among the members of that committee and use what influence they can, and make any speeches they desire, and if the application is defended and the respondent can bear sufficient expense the Bill is likely to be thrown out. That has happened time after time. You can pretty well make up your mind that if a case is defended strongly

enough and there is money enough to employ counsel to appear not only before the Senate committee, but also before the House of Commons committee, the applicant will stand a very poor chance of getting a divorce, no matter what the evidence may be.

During the centuries prior to 1857 there was no possibility at all of a poor man getting a divorce. And here just let me refer to a remark made by a very celebrated judge in England, which was in part, at least, responsible for bringing about a change. About the year 1845 a man charged with bigamy was brought before the celebrated Judge Maule, who delivered judgment as follows:

> Prisoner at the Bar: You have been convicted of the offence of bigamy, that is to say, of marrying a woman while you had a wife still alive, though it is true she has deserted you and is living in adultery with another man. You have, therefore, committed a crime against the laws of your country, and you have also acted under a very serious misapprehension of the course which you ought to have pursued. You should have gone to the Ecclesiastical Court and there obtained against your wife a decree a mensa et thoro. You should then have brought an action in the courts of common law and recovered, as no doubt you would have recovered, damages against your wife's paramour. Armed with these decrees, you should have approached the Legislature and obtained an Act of Parliament which would have rendered you free and legally competent to marry the person whom you have taken on yourself to marry with no such sanction. It is quite true that these proceedings would have cost you many hundreds of pounds, whereas you probably have not as many pence. But the law knows no distinction between rich and poor. The sentence of the Court upon you, therefore, is that you be imprisoned for one day, which period has already been exceeded, as you have been in custody since the commencement of the assizes.

Such was the state of affairs in England up to 1857. Then some agitation arose and the right of granting divorces was taken away from the ecclesiastical courts and a Court of Divorce was established.

Strange to say, while the British North America Act gives the Dominion Parliament sole authority over divorce in Canada, there is no general Divorce Act in this country. With perhaps one or two exceptions that I might mention, the Parliament of Canada has never enacted any laws with respect to divorce. When the provinces of Manitoba, Saskatchewan and Alberta were created an Act was passed which gave the courts in those provinces the same jurisdiction as was possessed by the courts at Westminster. Automatically the law of 1857 came into effect. But this was not known in the West, and in 1888, when there was some doubt about what law was in force, an Act was passed declaring that the law of England as of 1870 was the law in force in Manitoba. In 1918 the question was taken to the Privy Council, which held that the provincial courts had jurisdiction in matters of divorce. The subject had never been discussed in Parliament; if it had been, I presume the provinces would be without jurisdiction to-day. There is now an Act which gives Ontario jurisdiction in divorce. An Act passed, I think, in 1905 gave women the same right as men to obtain a divorce on the ground of adultery. Then an Act introduced by a member of the C.C.F., I think, enabled women who had been deserted for two years to establish a separate domicile. Those are the only Acts passed by the Dominion Parliament respecting divorce.

If the Parliament of Canada will not create a divorce court having jurisdiction throughout the entire country, I think it should at least permit the provinces which have the right of divorce to make or amend the laws of divorce. That is to say, they ought to be placed in a position to amend the law to suit the times. Since 1859 numerous amendments have been made to the divorce law of England, but those amendments are not in effect in this country. The Dominion Parliament keeps clear of them, and the provincial legislatures have no authority to adopt them.

Now, what is the situation here? British Columbia had a divorce court before entering the Union. The three provinces I have just mentioned—Manitoba, Saskatchewan and Alberta—secured jurisdiction on the grounds stated. About five years ago Ontario was given jurisdiction by a Bill which on three different occasions had passed this House, but had failed to pass the other House. In Quebec there is no divorce court: I presume a divorce court is not wanted. The Maritime Provinces have an antiquated law under which the Governor in Council appoints the judge.

Hon. Mr. BEAUBIEN: Where do they get their authority?

Hon. Mr. McMEANS: From the Imperial Government.

Hon. Mr. CASGRAIN: Before Confederation.

Hon. Mr. BEAUBIEN: They got it under Confederation?

Hon. Mr. McMEANS: There was a communication from the Imperial Government asking them to form a divorce court, but it was never done. Difficulty has arisen by reason of the stand taken by the Roman Catholics.

Sir John A. Macdonald was not opposed to divorce, but he was opposed to the creation

of a court. Of course, in his days conditions were different: very few people wanted divorce, and those who did were compelled to come to Parliament.

Before I sit down I want to give you the view of this matter taken by Sir George Cartier (Dominion Parliament Debates 1870, page 694):

> The late Sir George Cartier, in explaining the matter, said that at the time of the formation of the Confederation, the question of divorce had been left purposely to be decided by the Federal Parliament, which had a Protestant majority, and taken away from the Legislature of Quebec, the majority of which was Catholic, because it was against the creed and conscience of Catholics to vote for divorce in any circumstance whatever. This was done in order that justice might be done to Protestants. The Catholic bishops of Canada, knowing that the inhabitants of Canada formed a mixed community, approved of this course, and he (Sir George) had reason to believe the Holy See did so too. The conclusion arrived at was with a view to the protection of minorities, otherwise the minorities in Ontario, Nova Scotia and New Brunswick could have no claim to their rights being respected in the same manner as they are now.

It was the opinion of Sir George Cartier at that time that divorce courts should be formed in Canada.

What I maintain is this. If a general divorce law cannot be enacted, because of the religious feelings of a large number of our people, surely we should give the provinces the right to enact laws to suit themselves, as has been done in other matters, such as liquor control. I do not think the honourable gentleman's Bill needs to be considered at length by this House. What he proposes is not new. It has been rejected by the British Parliament. No doubt the honourable gentleman has very strong conscientious scruples. I am content to oppose his Bill on the one ground, if there is no other, that it is conducive to immorality and would simply allow a divorced person to live an immoral life so long as he or she could not marry again. Would it not be better that the opposite should be true, so that if one party to a marriage were living an immoral life the couple could be separated and the guilty person enabled to marry the man or woman with whom the sin has been committed? In that way the public interest, at least, would be protected to some extent. Since the War the letter of the divorce law has been very much modified when applied to actual cases. A judge nowadays will take into consideration all the circumstances of a case. Recent judgments show that the interest of the public is taken into consideration, and a judge will grant a divorce where he thinks it is better from the point of view of the public, as well as of the parties directly concerned, that a guilty person should be freed from the marriage contract and enabled to live in the future a proper life with the person with whom adultery has been committed.

I do not want to take up any more time, honourable senators. I move in amendment, seconded by the honourable senator from Leeds (Hon. Mr. Hardy), that the word "now" be left out and the words "this day six months" be added at the end of the motion.

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

BRITISH NORTH AMERICA ACT—AUTHORITY TO AMEND

INQUIRY—DISCUSSION POSTPONED

On the order:

> Resuming the further adjourned debate on the inquiry by the Hon. Mr. Lynch-Staunton:—
> That he will draw the attention of the Senate to the question, and inquire of the Government, whether it is the intention of the Government to take steps to have legislation passed by the Imperial Parliament to the end that the Parliament of Canada shall have the authority to from time to time amend the British North America Act as it may deem proper.—Hon. Mr. Dandurand.

Hon. Mr. BEAUBIEN: With the consent of the honourable leader of the House, I should like to move the adjournment of the debate.

Hon. Mr. DANDURAND: When does the honourable senator desire to speak on the matter?

Hon. Mr. BEAUBIEN: To-morrow afternoon.

Hon. Mr. DANDURAND: The honourable senator from North York (Hon. Sir Allen Aylesworth) wishes to participate in the debate and has asked me that it be not closed next week, for he will not be here then. It is quite agreeable to me that my honourable friend from Montarville (Hon. Mr. Beaubien) should speak to-morrow.

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

APPROPRIATION BILL No. 3

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 58, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.

He said: Honourable senators, my right honourable friend opposite (Right Hon. Mr.

Meighen) was surprised to note that the amount asked for in one schedule was one-twelfth of each of the items therein set out; in another schedule, one-sixth; in another, one-third, and in another, one-half. These grants are to cover public works being done under contract and now under way. The votes are being asked under monthly estimates, to provide for the balances of contracts. It may be two or three months before these contracts are completed. Many of them were begun under Orders in Council, and the amounts are now being transferred into the supplementary estimates to be voted regularly by supply. Varying proportions of the totals are being asked for because it is intended that the rest of the payments shall be made regularly during coming months. For instance, it is stated in schedule C:

The amount hereby granted is $28,868.33, being one-third of the amount of each item in the said estimates as contained in this schedule.

The items in that schedule are:

National Defence

Vote 344—Calgary, Alta.—Barracks for Permanent Force—Sewers, $55,005.

Vote 345—Kingston, Ont.—Royal Military College—New Mess and Recreation Building—Equipment and fittings, $31,600—Total $86,605.

Right Hon. Mr. MEIGHEN: That is clear enough as to works under construction and for which moneys will be required soon. But is not the honourable gentleman in error when he says that the works referred to here were provided for by Orders in Council and are now being regularized by supplementary estimates? What we are voting is a proportion of the main estimates, is it not?

Hon. Mr. DANDURAND: Of the supplementary estimates.

Right Hon. Mr. MEIGHEN: Oh, yes, that appears to be so. But to me it does seem astonishing that we should have to hurry the passing of supplementary estimates. Why were these items not in the main estimates?

Hon. Mr. DANDURAND: There are items that must be passed. In Schedule D, for instance, it is stated:

The amount hereby granted is $4,801,637.44, being one-half of the amount of each item in the said estimates as contained in this schedule.

The principal item in this schedule is $2,770,687, "to provide for expenses in connection with the continuance of unemployment relief projects now organized and conducted for the relief of single homeless men." That covers expenditures for camps up to the 1st of July.

Hon. Mr. DANDURAND.

Right Hon. Mr. MEIGHEN: The astonishing thing to me is that we should have so many supplementary estimates hurried through before the main estimates are adopted. There are scores of items in these schedules. This does not seem to me to be good practice.

Hon. Mr. DANDURAND: This Bill was introduced in another place upon an understanding with the Leader of the Opposition there. In dealing with it on Monday the Minister of Finance said:

The Bill provides for one-sixth of all the items in the special supplementary estimates, and an additional proportion, not exceeding one-half, of certain items. All of these calling for an additional amount are to cover payments falling due before the first of June on contracts which were made prior to April 1 or for payment of wages if the work was undertaken by day labour. There are a few exceptions to that statement to which I must refer.

Relief for single, homeless men. The amount in the estimates covers the operation for three months only. Topographical and air surveys: A larger proportion is required in this case to equip and send out field parties as soon as possible. Of course provision is needed with respect to the general vote for grants in aid to the provinces to keep up with the monthly necessities in that regard. Another exception is with regard to the continuance of unemployment relief projects now organized which were covered by the special supplementaries for three months and which require to be spent regularly every month, and also to continue geological surveys.

The right honourable Leader of the Opposition said he would not oppose these votes, but would reserve the right to discuss them when the estimates were before the Commons.

Right Hon. Mr. MEIGHEN: Having a recollection of certain difficulties which the right honourable senator from Eganville (Right Hon. Mr. Graham) had years ago when he brought down a very reasonable budget for national defence, I now call his attention to the items in the supplementary estimates, which the Government is in such a hurry to get through that it submits this Bill before the main estimates are passed. There is an item of $110,000 for barracks at Calgary, and another $40,000 odd for architect's fees and so on. There is a further item of $55,000 for barracks at Calgary. For the Royal Military College at Kingston, to provide a new mess and recreation building, equipment and fittings, I find an item of $31,000. There are no fewer than nine items on page 7 for barracks and armouries ornamenting the countryside here, there and everywhere. I am sure that as he sits in his

seat and reflects, my right honourable friend will feel that he was very very badly treated on that occasion.

Right Hon. Mr. GRAHAM: I shall have to call the attention of the Government to it.

Hon. Mr. DANDURAND: I think most of those items are expenditures on existing contracts.

Right Hon. Mr. MEIGHEN: Then they should be in the main estimates, not in the supplementaries for 1936-37.

Hon. Mr. HAIG: In schedule D, under Manitoba, there is an item: Selkirk—bridge over Red River, $146,000. Is this the only time it will come before the House?

Right Hon. Mr. MEIGHEN: No; it will come up again.

Hon. Mr. HAIG: It is reported in Winnipeg that the Government intends to make this a toll bridge. The people of central and eastern Manitoba are very much disturbed over the report. Will the honourable leader of the House make inquiries?

Hon. Mr. DANDURAND: I will try to obtain information for my honourable friend.

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

THIRD READING

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

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

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

THE SENATE

Thursday, May 7, 1936.

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. Sir Lyman P. Duff, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 5.45 p.m. for the purpose of giving the Royal Assent to certain Bills.

DIVORCE AND REMARRIAGE BILL

MOTION FOR SECOND READING—BILL REJECTED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hughes for the second reading of Bill C, an Act respecting the remarriage of certain divorced persons.

Hon. W. M. ASELTINE: Honourable senators, whenever I hear any reference to the subjects of marriage, divorce and remarriage I am reminded of that old Arab proverb which says that marriage is like a besieged fortress: those outside are desirous of getting in, while those inside want to get out. Like many another proverb, this is partly true and partly false. It is true that most single people would like to marry, but untrue that most married people desire to become single again.

I welcome the opportunity of saying a few words on this most interesting subject. I find questions of marriage, divorce and remarriage are vital matters about which most persons, who have very little information on the subject, are frequently wrong in their conceptions.

In speaking in opposition to the motion for second reading, I do not for a moment question the sincerity of the honourable senator from King's (Hon. Mr. Hughes), or those who think along the same lines. Nevertheless, it seems to me our time would be much better occupied in giving thought as to how jurisdiction can be conferred on the province of Quebec to enable its courts in future to deal with matters of divorce. I base this statement on the fact that on a petition for divorce the Parliament of Canada has no jurisdiction to grant alimony, order costs, give damages or deal with the custody of the children. The Superior Court would have that jurisdiction and could allow costs, give alimony, award damages, and make an order for the custody of the children on one and the same application. As the law stands, the petitioner loses costs, damages and alimony, and is obliged, at considerable cost, to make a new application to the Quebec courts for the custody of his or her children.

There is another aspect of this important question which is occupying the attention of the people of England, and also of Canada, namely, the reform of our divorce laws, not in the direction advocated by the sponsor of this Bill, but in the opposite direction, and it seems to me that we might more fittingly spend our time talking reform than talking restriction. To place further restrictions than those already existing, when the whole world

is clamouring for more freedom, is in my opinion the height of folly.

Those who oppose reform in our divorce laws are confused by the thought that divorce is an evil in itself, whereas divorce is really a remedy to cure the evil, and has been called "a safety-valve."

In a book recently published under the title of "Married Misery," Lord Buckmaster points out that in England no one can obtain a divorce for any of the following causes: incurable insanity, incurable drunkenness, homicidal mania, life sentence for crime, perpetual desertion, persistent cruelty; nor can a woman obtain a divorce because she has been infected by her husband, unless there is evidence of adultery, or because her husband has forced her to submit to prostitution. As a result thousands of applications are made yearly for separation. Another book called "Holy Deadlock" has, I think, been read by several members of our Divorce Committee, and is well worth perusal.

In Germany it is considered against public policy to grant a separation without liberty to remarry. I would ask honourable senators if they do not think the German view is sound. If it is sound, then our law and practice must be wrong.

In Norway separations are granted on mutual request, and are later convertible into divorce, with the right to remarry. No one would seriously contend, I think, that there is more scandalous immorality in Norway and Germany than, say, in Italy or Spain, or that Scotland, where divorce is granted for malicious desertion, is worse off morally than England, which does not grant divorce on that ground.

I have taken the trouble to read the speech made by the honourable senator from King's on April 4, 1935, on the subject of divorce. I have also read again the debate on the Bill which he sponsored later on that year, which debate was participated in by several honourable members. That Bill was intended to prevent the remarriage of divorced persons to other than their former spouses, and was dropped without receiving second reading. This Bill does not go so far, but is merely intended to prevent the remarriage of the guilty party. Still I say that it would be contrary to public policy to enact such a measure. It seems to me to be quite clear from the remarks of the honourable sponsor of the Bill that he is opposed to divorce being granted to any married person on any ground whatsoever. No matter how grave the marital offence might be, he would have the married couple continue living together, or would have the marriage left undissolved, but have them live separate and apart from each other. In either case the probable result would be that one or both would live in adultery.

The honourable senator, however, does not openly advocate doing away with divorce. He merely advocates that Parliament put a curb on divorce by forbidding the delinquent spouse to remarry and by making it a criminal offence for such person to do so, either in Canada or abroad.

In his speech of a year ago, he refers to the increase in divorce in the last thirty-five or forty years. I would point out to him that there are these good reasons for the increase: (1) our population was small; (2) divorce by Parliament was expensive; (3) the Western Provinces had not discovered that they had the right to grant divorces; (4) now all provinces but one have the right; (5) divorce is now cheaper and courts have full power over costs, alimony, damages and custody of children. It is only natural, therefore, that there should be many more divorces at the present time than there were thirty-five or forty years ago.

A brief summary of the history of marriage, divorce and remarriage might be helpful to a fuller understanding of the subject. After this speech had been prepared I ran across an article in the January, 1936, number of the Quarterly Review, London, which is so much in point that I feel I should quote the opening paragraph. The writer says:

> Much of the controversy about divorce revolves around religious scruples, and the interpretation of Holy Scripture; but a great deal of muddled thinking is due to a misconception of the nature and history of the institution of marriage. The London Gazette some time ago contained the announcement of a royal bethrothal. It referred to a "contract of matrimony." That, in fact, is exactly what a ceremony of marriage always is: a contract. It is always a contract; it can also be a sacrament to those who believe it to be so, and to no others. The mistake is to insist upon its being a sacrament and to forget that it is a contract.
>
> The English legal definition of marriage is entirely satisfactory: in an English court it simply means the voluntary union for life of one man and one woman to the exclusion of all others. "For life," of course, refers to the intention of the parties at the time of making the contract, and does not impart the idea of irrevocability in all circumstances.
>
> As to forms and ceremonies, these may be religious if the parties wish, but there is no necessity for anything but a civil contract.

Many people think that marriage is a Divine institution, but actually the history of marriage shows it to be something quite different. Mr. Cecil Chapman says:

Historically, it is nothing of the kind. It is the product of social evolution, and has been the subject of change and growth controlled by cosmic or universal laws, exactly in the same way as political and all other human institutions have been. It is not a discovery, but a growth from the necessity of human nature. It has in consequence taken every variety of form, from simple concubinage terminable at will to polyandry, ... polygamy, ... monogamy.

Another writer says that "Marriage is the oldest and most universal of all human institutions." If we go back to the Chinese annals we find that in the very beginning of society men differed not at all from the animals in their way of life. They wandered up and down the land; they had no restraint, no laws, no morality. Women were held in common. Later we come to the first mention of marriage. The Chinese Emperor Fow-Hi is supposed to have invented marriage. The Egyptians say it was Menes; the Greeks give the credit to Kekrops; the Indian legends say it was Prince Swetapetu.

The Bible narrative is contained in Genesis, chapter 2, the 18th to the 25th verse. The wedding ritual was extremely simple:

> —and the rib, which the Lord God had taken from the man, made he a woman, and he brought her unto the man.

I repeat the last seven words, "and he brought her unto the man." That is all there was to it in those days. Primitive man married without any religious or civil ceremony, and even in some modern countries, like Japan, a wedding ritual is considered all but superfluous.

Our chief marriage ceremonies have been derived from heathen customs, such as espousal gifts, which were a guarantee that the marriage would take place, and the ring which was the token of fidelity.

Amongst the Mohammedans marriage was merely a civil contract; and so it was with the ancient Hebrews. According to the Old Testament, and the Talmud, marriage was not a religious ordinance, or sacrament, but rather a civil contract; and there was no restriction whatever on divorce and remarriage.

With the Romans there were three modes of marriage: Confarreatio—a ceremony before ten witnesses, the sacrifice of an ox, and the division of a wheat cake amongst the participants and witnesses; Coemptio in manum—a sort of fictitious sale of the woman to the man; and Usus—by prescription—one year's co-habitation without the wife being absent for three consecutive nights. Nevertheless, a valid Roman marriage could be concluded by interchange of consent; that is, by offer and acceptance, which are the gist of every civil contract, even to-day.

It is not my intention to deal with the easy morality of those olden times, except to say that many reputable men were accustomed to lend their wives to their friends, and divorce was frequent and easy. There were no restrictions whatever with respect to remarriage.

There were three principal forms of marriage: monogamy—the condition of having one wife; polygamy—the state of having more than one wife; and polyandry—a system under which the woman has more than one husband, and which prevails even to-day in arid, dried-out countries like Tibet. I do not recommend it for Canada, even in the dried-out areas.

It will be seen that marriage is a very ancient institution; that it was a contractual relation between the man and the woman, and not a religious sacrament.

Divorce is just as ancient as marriage, and is just as fully sanctioned by history, necessity and authority. If you read the 24th chapter of Deuteronomy you will find the following:

> When a man hath taken a wife and married her, and it come to pass that she find no favour in his eyes, because he hath found some uncleanliness in her, then let him write her a bill of divorcement, and give it in her hand, and send her out of his house. And when she is departed out of his house, she may go and be another man's wife.

This law was in force in Abraham's time, and continued to be accepted by the Jews until the eleventh century. It was quite consistent with the patriarchal system in vogue. The head of a family could divorce his wife at pleasure. By way of example, we have Abraham's divorcement of Hagar. This was the simplest of all forms of divorce. There were no lawyers, no courts, no delay; the husband merely appointed himself the chairman of the divorce committee, and granted himself a favourable decree. And in every case the divorced wife could remarry.

The Mosaic law as stated in Deuteronomy was in force when Christ was on earth. In the 19th chapter of the Gospel of St. Matthew we read that he was questioned with respect to this law. He was also asked why Moses commanded the giving of a writing of divorcement. Jesus, although declaring against the breadth of the Mosaic law, did not declare against divorce. Quite the contrary, for He said:

> Whosoever shall put away his wife, except it be for fornication, and shall marry another, committeth adultery.

So much for that angle of the case. There is another angle which has an important bearing, namely, the dogma that marriage is a sacrament. I have said that from the beginning of time the marriage relationship was

in the nature of a contract or agreement between the man and woman, a contract which in olden times could be broken quite easily, in modern times with more difficulty. This is so in most of the countries of the world. But since the year 1563, right up to the present time, in most Roman Catholic countries, there is no law which allows a married man to divorce his wife, or vice versa. One may obtain a judicial separation, but not an absolute divorce. The theological attitude of the Roman Catholic Church of to-day is that no human power can dissolve a marriage once it has been ratified and consummated between baptized persons.

That dogma is based on the 5th chapter of the Epistle of St. Paul to the Ephesians, which was read by the sponsor of this Bill yesterday. I do not care to say anything about that, except that the Apostle points out the particular duties of the married status, and exhorts wives to obey their husbands, and husbands to love their wives. He says:

> For this cause shall a man leave his father and mother and shall be joined unto his wife, and they two shall be one flesh.

However, the early Christian Church did not treat marriage as a sacrament until 1563, when, by an edict of the Council of Trent, the See of Rome declared the celebration of marriage to be an essentially religious ceremony. Such was the law in England until 1857, when the Matrimonial Causes Act was passed.

We must remember, however, that modern divorce law is not founded on theological dogmas or theories, but upon social science and humanity—nature and life. It would be a fine thing if we could have an international law of marriage and divorce, but for many reasons this is not possible. A brief study of the law of marriage and divorce, particularly with respect to the question of remarriage, might be of some assistance.

In most countries the law draws no distinction between husband and wife as to grounds upon which a divorce may be secured. The Mohammedan law of Egypt is a conspicuous exception, as were also the laws of England, of Belgium and of Canada until very recent years.

The tendency in recent years has been to make divorce easy rather than difficult, by increasing the number of matrimonial offences for the commission of which a divorce can be granted, and by lessening the cost. For example we have our great neighbour the United States of America. Each state of the Republic has a divorce law of its own. In most of the states, but not including New York, divorce can be had on any one of the following ten grounds: impotency at time of marriage, adultery, cruelty, desertion, conviction for crime and imprisonment for one year, treatment that endangers health or reason, habitual drunkenness, three years' absence, neglect to provide necessaries, and incompatibility of temperament. I know of one instance where a divorce was granted and remarriage allowed because the husband happened to go to bed one night with his boots on. I do not for one minute want honourable senators to think that I am in favour of divorce laws like those that exist in the United States. I think the restrictions that apply over there are far too light, and if marriages could be cancelled as easily in this country I would strongly support the present Bill.

I believe many honourable senators would be surprised to know how similar are the grounds upon which divorce is obtainable in most countries of the world. The Parliamentary Library has no very recent books on the subject. In one volume published not so long ago I found an outline of these grounds as set out by the laws of every civilized country. I do not know whether the outline is up-to-date or not. At the time the book was published the grounds for divorce in most countries except England, Canada and a few others, and the State of New York, were similar to the ten that I have read as applying in most parts of the American Union. Up to the War Serbia was the only country which prevented remarriage after a divorce. I have been unable to find out whether that law is still in force there.

In Canada, as in England, the only grounds upon which divorce may be obtained are impotency at the time of marriage, and adultery. There is not likely to be any extension of these grounds in Canada for some time to come, and I think that so long as our law remains as it is in this respect a Bill like the one now before us is inadvisable. If we prohibited remarriage after divorce, our law would be different from that of nearly every other country. The passing of such a measure would in my opinion tend to bring about certain bad conditions. In the first place, I believe there would be an extensive emigration of Canadians to the United States and other countries where restrictions were less severe. In the second place, great numbers of unhappy couples would be forced to live together unhappily for the rest of their lives in unfaithful relations one with the other, or they would live separate and immoral lives. And thirdly, if divorced persons were not allowed to remarry the result would be conducive to continued immorality, perhaps by both parties, and in all probability there would be a big increase in the number of illegitimate

children. In my opinion, honourable senators, the terms of this Bill are opposed to the laws of nature and of life, and are contrary not only to public policy but to the teaching of the Scriptures, wherein it is said that it is not good for man to live alone. I want to conclude by expressing my belief that the public are not asking that our present divorce law be changed along the lines set out in this Bill.

Hon. J. J. HUGHES: Honourable senators, I wish to say a few words on the motion of the honourable senator from Winnipeg (Hon. Mr. McMeans). Therefore my remarks will not necessarily close the debate. He and the honourable gentleman from West Central Saskatchewan (Hon. Mr. Aseltine) are certainly in favour of divorce, and they entirely misapprehend the grounds upon which I oppose it. If the Bible is to be believed at all, Christ condemned divorce in the clearest and most explicit terms. I quoted these terms in my remarks yesterday, and need not do so again.

Now, who is Christ? That question was asked more than nineteen hundred years ago. It was the most important question that ever was asked or ever will be asked in this world: "Whom do men say that I am?" The answer He received from His apostles was: "Some say that Thou are John the Baptist; some Elias; and others, Jeremias, or one of the prophets." "But whom say ye that I am?" Simon Peter answered and said, "Thou art the Christ, the Son of the living God." Then follow the promises made to Peter.

Now, if Christ was and is God, He had and has the right to legislate for all men, for all time and under all circumstances. And he who opposes or denies that right is not a Christian. He may be a better man and a more desirable citizen than some individual Christians are, but he is not a Christian. And perhaps I was wrong in assuming this to be a Christian assembly. In my opinion, while individual Christians are far from being what they ought to be, there is no other religion or system of ethics, be it Confucianism, Buddhism or Mohammedanism, that is at all comparable to Christianity, even for this world. But unless Christ is fully, firmly and wholly believed in, Christianity is a myth.

As I see it, the mockery that a very large part of Christendom is making of Christianity is the chief cause of all our troubles. Laws that are contrary to the Divine law would not become wise and good even if passed by all the legislative bodies in the world and administered by all the courts in the world. I should not like to see the Senate of Canada vote want of confidence in Christ and the Bible. Therefore I hope care will be taken in the thought given to the amendment moved by the honourable senator from Winnipeg.

The amendment of Hon. Mr. McMeans was agreed to.

FREE FOREIGN TRADE ZONES BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. J. P. B. CASGRAIN moved the second reading of Bill E2, an Act to enable the establishment, operation and maintenance of free foreign trade zones by provinces and municipalities or by public agencies of either thereof.

He said: Honourable senators, I move, seconded by the honourable senator from Repentigny (Hon. Mr. Rainville), that this Bill be read a second time. The seconder of the motion will not be present at our next sitting and he desires to speak to-day. With the leave of the Senate I would give him preference and postpone my remarks.

Hon. J. H. RAINVILLE: Honourable senators, first of all I wish to congratulate the honourable senator from De Lanaudière (Hon. Mr. Casgrain) on introducing this Bill, which has to do with a very important subject. Very few subjects are of such vital importance to the prosperity of Canada as a whole, and particularly to three sections of our country: the eastern provinces, the Pacific coast and the St. Lawrence.

The purpose of the Bill is to give authority to the honourable the Minister of National Revenue to license public bodies, provinces or municipalities, to organize and conduct, wholly at their own expense, free ports at approved places on sea coasts, rivers, or lakes, or inland. Honourable senators will notice a difference in wording as between the title of the Bill and the third paragraph of the explanatory notes. The title speaks of "free foreign trade zones," which is the real name of this system of ports. But "free ports," as used in the explanatory notes, is the term that is known and accepted virtually all over the world.

In 1915 and 1916 I was one of a group of Montrealers who tried to arouse popular interest on the free port question. Unfortunately we found it was by no means a small job. I have no doubt that difficulties similar to those that we encountered will be met with to-day, even in the matter of convincing the Minister of the Crown of the great need of a system of free ports in Canada.

The reasons are: first, very few people know anything about free ports; second, still fewer want to know anything about free ports; third, what the majority know about free ports is mostly wrong. I might add a fourth reason, that much of what is claimed in favour of free ports sounds so paradoxical to the uninitiated. People will accept without demur the statement that the free port of Hamburg has made Germany prosperous, for apparently they are ready to believe almost anything about a distant country; but tell them that a free port on the St. Lawrence would add to the prosperity of all cities on this river, and they are likely to smile incredulously.

Probably the name given to this particular system of port operation is misleading and arouses prejudice. It is more aptly described in the title of the Bill—free foreign trade zones. This description should at least help to remove the common but false impression that a free port is a port where everything is free.

The public might be educated to think of a free port as a huge open-air bonded warehouse covering an area of several square miles, on which individual importers are at liberty to erect buildings for the storage of their goods. In a word, a free port is a port free from customs duties.

Before we study the national advantages of free ports, we must consider their advantages to the shipper of goods. If we can show that it would be to the advantage of a firm shipping goods from, say, Liverpool to Minneapolis to land them at a free port in Canada, we can proceed to demonstrate that Canada would benefit by the increased shipping business resulting from the unloading of goods out of ocean-going vessels, and their reloading at Montreal or elsewhere into canal boats or lake steamers for transit to destination. But still greater advantages accrue, as I hope to convince honourable members before I resume my seat.

To the importer the outstanding attraction of the free port is that he is free of all customs worries. He can discharge his cargo at the wharf and store it in the warehouse, without paying customs duties. The free port area is walled and barricaded as securely as a jail. No goods can be transferred to the protected country surrounding that area unless customs duties have first been paid; but so long as the goods remain in storage the vexatious problem of customs duties simply does not exist for the importer. If after a few weeks or months he decides, say, to ship his goods to Detroit, he loads them on to a vessel, pays his warehousing and harbour charges, and has no more worry about Canadian customs than if the ship in which they originally reached Canada had sailed right up the St. Lawrence and through the Great Lakes to the point of destination in the United States.

The advantage is obvious. All the inconvenience of paying customs duties and then claiming drawback for re-export is done away with. Reserve stocks of commodities can be stored within a few days' or, in many cases, a few hours' journey of ultimate destination, without the trouble and expense of paying customs duties at once, or carting the goods to an expensive bonded warehouse near the port.

Again, assembling and processing can be done in the free port area without preliminary payment of customs duties and the probability of subsequent claiming of drawbacks. For instance, parts of automobiles, sewing machines, agricultural machinery, pianos, electrical apparatus, watches, and so on, could be imported from various countries, wherever obtainable on the best terms, assembled in the free port by Canadian labour, and then shipped out to destination. If this destination were in Canada, of course customs would be payable; if in a foreign country, the question of duty would arise only when the goods arrived there. Goods imported in bulk could be repacked, bottled and blended without interference from our customs officers.

The advantage to importers of goods for sale or manufacture in North America is self-evident. The advantage to Canada would be that such a free port would become the maritime transhipment and distribution centre of the whole American Middle West.

There can be no doubt that until Hamburg became a free port Great Britain enjoyed a monopoly of the transhipment trade of Western Europe. Because of Free Trade—whatever may be our opinion in regard to this as a fiscal policy—Great Britain became the clearing-house of Europe. Hamburg is now one of the four greatest ports of the world, and the concurrent development of the German merchant marine is well known.

Canada would need several free ports. Each would naturally be a location for warehouses and assembling plants preferred by importers of goods from the old world for distribution all over North America, particularly if it were so situated as to give quick, cheap and convenient transportation to all parts of the continent. The saving and convenience resulting from not having to pay customs duties until such time as the goods were shipped into protected territory would induce many manu-

facturers and importers in Canada and the United States, and also exporters from countries overseas, to establish warehouses and factories within the free port area. This, in turn, would attract a great deal of shipping, warehousing and manufacturing business.

Another outstanding advantage accruing to Canada would be the increased marine freight accommodation. There has at times been considerable complaint about the difficulty of bringing coal to Canada from the Old Country, because vessels could not find return freights from Saint John, Halifax, Quebec and Montreal. It is not profitable for a vessel to come to Montreal with coal and then have to proceed to a distant port empty or in ballast.

In other years we have seen the opposite condition—the port of Montreal congested with wheat, and no vessels available to carry it overseas, simply because there had been no shipping business into Montreal. In other words, shipowners could not afford to send their boats to Montreal empty or in ballast in order to take our wheat out.

The canal boats also meet with this difficulty. They carry wheat to the ports of Montreal, Sorel, Quebec—and soon will bring it to Three Rivers also—and they cannot find return cargoes. So in nine cases out of ten wheat brought down the St. Lawrence is charged with expense of the return trip of the ship in ballast.

Those difficulties would to a certain extent be solved by the free port. With the additional shipping activity, both transatlantic and coastwise, there would always be a sufficient number of ships coming to the free port with goods to assure our grain exporters of adequate tonnage to take their grain overseas; and whether there was grain awaiting shipment or not, vessels bringing goods to Canada would be reasonably assured in advance of finding a cargo for some part of the world at Montreal, Quebec, Sorel or Three Rivers. Every Canadian export and import business would benefit, because shipowners, knowing that they were sure of a reasonably profitable cargo both ways, could afford to quote bed-rock figures on freight rates and charters.

This question of free ports is not a new one. The Harbour Commissioners of Montreal have pronounced many times in favour of the system. The annual reports of the harbour, under George W. Stephens, General Ross and others, contain favourable references to the system.

If we wish to go further back it is interesting to note that Canada had two free ports in 1859.

I have here the National Revenue Review of January, 1934, which contains an article entitled "When Canada Had Free Ports." Let me quote a few lines from this. It says:

> The story of Customs and Excise as revealed by musty files and old volumes which have reached the Editor from widely separated points in Canada, has proved of interest to many readers of the Review, and the Editor is pleased to continue these brief sketches from time to time. The following was taken from a volume printed at Toronto, in 1859, entitled "Customs, Excise and Commercial Laws of Canada." It records, among other things, the establishing by Queen Victoria by Royal Proclamation, of Gaspé Basin and Sault Ste. Marie as free ports. Georges Etienne Cartier was Attorney-General when the first proclamation was issued and John A. Macdonald when the second was issued.

Then follows the proclamation constituting those two free ports. I shall not take time to read it now.

Some honourable members may ask why these two free ports no longer exist. The reason is that Gaspé lacked the rail connections which are so essential to a free port, and Sault Ste. Marie, because of a lack of depth in the canals, could only be reached by small boats, and apparently this was uneconomical.

Free ports have made phenomenal progress in Europe during the last century. Germany has had the free ports of Hamburg, Bremen, Lübeck, Kiel, and, since 1924, Fleusburg and Koenigsberg. Hamburg, of course, is the best example of free ports in highly protected Germany. It began in 1888 on the Elbe river, and now has well over one million of population. The city is walled and barricaded and is organized in a wonderful way. Within its walls there are 151 factories, which employ more than 25,000 German workmen.

In Denmark there is one splendidly organized free port, Copenhagen, which has been in operation since 1894. Copenhagen is to-day a vast clearing-house. It is a centre for the breaking up and storing of cargoes, the fabrication of raw materials assembled from overseas, and transhipment to all parts of Northern Europe. For centuries it was an important shipping centre, but not until the creation of the free port in 1894 did its era of greatness begin.

In Italy, Genoa is a free port, and, according to a law passed in December, 1927, there may be from five to eight more. In Sweden there are three free ports: Stockholm, Gothenbourg and Malmo. Spain has Barcelona; Greece has Salonika; Hungary has Budapest and Espel; and France has Marseilles and Havre.

This is not by any means a complete list, there being many other free ports, some of them in Africa. It is a wonder that, except for Buenos Aires, and Nueva Palmira, on the River de la Plata, free ports have not yet been established in America.

But New York is awakening. I find in the New York Times of February 2, 1936, an article with the following title:

Free Port Offers Boon to Trade. In the barred zone on Staten Island goods of many kinds may be prepared for the markets of the world.

This means, honourable senators, that New York is going to have a free port. I shall not read the whole of the article, which is written by H. L. Duffus, but I may say to the honourable senator from De Lanaudière (Hon. Mr. Casgrain) that he has a much better chance of getting a hearing from the Cabinet ministers now that the United States, or New York, has pronounced in favour of free ports. By reading the headlines of the Montreal Gazette of January 31, 1936, I can furnish the House with no small proof of my statement.

Ottawa is stirred by free port plan. Staten Island scheme gives impetus to proposals in Dominion—Vancouver and Halifax—Matter expected to come under debate in Parliament and be considered by Government.

This Montreal Gazette article opens the door to a consideration of where one or more free ports can best be located in Canada. Montreal, Saint John, Quebec, Halifax, Vancouver and Victoria have all been mentioned as suitable places for such ports. I believe it would ultimately be profitable for Canada to have free ports at or near each of these places. Canada's dimensions and the importance of her trade are such as to justify that number of free ports. One would not be too much to have on the west coast: Victoria seems a very favourable location. As the St. Lawrence river is closed to navigation for four months of every year, it would be very important for the continuity of free port facilities to have a port at, say, Saint John or Halifax to carry on the work when the St. Lawrence is closed. But Montreal has outstanding claims as a suitable location for such a port. It has a more central location, in respect of easy access to all parts of the continent in which it is located, than any other port in the world. All of the world's greatest seaports are located as far inland as possible. Montreal enjoys the advantage of being 960 miles from the sea. Furthermore, apart from being at the head of a colossal network of railways, including the two greatest systems of their kind in the world, it offers easy and inexpensive canal, river and lake transportation to an enormous portion of the most industrially active parts of Canada and the United States. Convenient water transport and short rail-hauls provide access to virtually every busy section of the United States and to the principal industrial centres of Canada. If the river St. Lawrence were navigable by ocean vessels all the way to Lake Ontario, Toronto would be an excellent location for the establishment of a free port; but Montreal is an ideal distributing centre for the whole of the East and the Middle West of North America.

When I speak of a free port at Montreal I mean at the port of Montreal, not on the Island of Montreal. The jurisdiction of the port of Montreal extends to both sides of the river as far as the county of Portneuf, 125 miles from the city, whereas the harbour extends only about sixteen miles on both shores, up to high-water mark.

A free port within the limits of the present Montreal harbour is not thinkable. Where within the present harbour could the Dominion Government find the necessary waterfront and vacant land to establish it? Free port facilities cannot be mixed up with bonded warehouses and all the paraphernalia of a regular protected port. The result would be confusion worse confounded. Montreal harbour has all the business it can be expected to handle with its present facilities and under the present method of operation.

On the south shore of the river St. Lawrence there is an abundance of water frontage and land available at modest prices as far down as the progressive city of Sorel, which would be an ideal place for a free port. This stretch of land forms a "V" between the St. Lawrence river and the Richelieu river, and could be securely walled off and barricaded on the land side, and customs offices and all the adjuncts of the protectionist regime could be set up on the roads and railways at points of exit from the free port area, to collect customs taxes on goods which left the free area for destinations in Canada.

The bulk of the goods destined to points within Canada would be taken by lighters to the port of Sorel or up the river from the free port to the present Montreal harbour, and on arrival at Sorel or Montreal would come under the attention of customs authorities. Goods intended to be shipped by canal, river and lake to points in Canada could be transferred direct from the lighters to barges or lake steamers. Ships would bring cargoes into the free port, and would either take cargoes out of the free port or come to Montreal harbour, Sorel, Three Rivers or

Quebec to seek outward cargoes there. The amount of Montreal harbour's existing business diverted to the free port would be negligible, compared with the amount of additional business the free port would hand over to the harbour.

I see in the Estimates that half a million dollars have been or will be voted for making a deeper waterway on the Richelieu river. No doubt this will be done in conjunction with the scheme with respect to which some Canadian engineers recently went to Washington. The project is to get deep navigation from New York via Hudson river, Whitehall canal, Lake Champlain and Chambly canal down to the St. Lawrence at Sorel. I venture to predict that if this project is consummated the business coming to the free port between Sorel and Montreal, despite the fact that the St. Lawrence is closed four months in the year, will be more substantial than that going to the free port zone of Staten Island, near New York. I make that prediction because of the favourable location of Montreal, to which I have already referred. When I was chairman of the Montreal Harbour Commission I read an interesting booklet containing bitter complaints from the eastern provinces that so much of our Canadian business was going through the port of New York, for which fact the shippers were blamed. Three or four days later it was stated in the newspapers that members of the Shipping Federation had answered this criticism. One of the points they made was that whenever patriotism and the dollar come into conflict the dollar wins. Now, I want to state to honourable senators as strongly as I can that I do not believe it is true that we get more for our dollar in the United States than in Canada. Let me cite an instance to show that it is not true. From my own files I have extracted a document dealing with handling charges in the port of New York. Port Information Bulletin No. 2 of the Port of New York Authority, page 14, states:

Service is not cheap in the Port of New York.

I am quoting from one of their own documents.

About 1921 the Port of New York Authority was formed, and one of its principal functions was to attempt by unification of the hundreds of conflicting and diverse interests in the port of New York to straighten out the tangle of traffic, and attempt to reduce port handling costs.

Elaborate surveys were made, and amongst other things the cost of bringing a bag of potatoes from the Middle West to New York was carefully noted. It was found that after the car containing the bag of potatoes in question reached New York, the subsequent costs of handling from one point to another in the congested port district were greater than the cost of moving it by rail from the Middle West to New York.

The Summary of Joint Report of the New York-New Jersey Port and Harbour Development Commission, published in 1921, states, with regard to the costs of cargo transfer:

A detailed study was made of the discharging and loading costs of two of the ships covered by the Commission's clockings. These ships showed direct discharging costs of $1.13 and $1.28 respectively per ton, and direct loading costs of $1.53 and $1.75 per ton respectively. These figures take no account of the cost of bringing the ship to port, of docking it or of maintenance of ship or pier.

As honourable members are aware, shipping companies in New York have their own wharves.

The Summary also states:

The Commission's analysis gives the following figures for railroad operating costs in 1914: For goods handled at Manhattan car-float pier stations or inland rail stations, $1.60 per ton; for goods handled at Brooklyn, Harlem or Bronx stations, $1.48 per ton; for goods lightered, $2.14 per ton.

These figures cover only the cost to the carrier. To arrive at the full cost of handling the freight within the port district there should be added substantial sums for trucking and handling by local shipper or consignee between his plant and the railroad station or other point of delivery.

On the basis of 1918 prices the Commission estimates that the total terminal costs to the railroads were about $2.25 per ton for freight handled to or from Manhattan stations, $2.08 for that handled to or from Brooklyn, Harlem or Bronx stations and $3.01 for freight lightered.

Now, honourable senators, the cost of loading a full cargo of grain in Montreal runs from only 50 cents to 90 cents a ton, depending on the character of the ship, the number of bags required, and so on. It is evident that in handling charges and services the port of New York and surrounding district cannot compete with us. So the argument that the dollar always wins when it comes into conflict with patriotism does not apply, and some other reason must be looked for. I do not intend to say more along this line to-day, but I shall go into some details when we come to deal with Bill 17, which has to do with harbours all over Canada.

And now let me show what can be done on the south shore. There will be no need of building long wharves into either the St. Lawrence river or the Richelieu river. Berthing places of any dimension could be made inland with dredges at very low cost, because as the honourable leader (Hon. Mr. Dandurand) knows, there is practically nothing but sand all along there. The citizens of

Sorel and Montreal have a real opportunity here to help Canada compete with New York in a business with respect to which the odds are greatly in our favour.

I want to make some reference to the question of cost. A well-managed port really costs the Government nothing. Port dues more than cover the cost of operation, including interest on borrowed money. The various shipping dues are usually somewhat heavier in free ports than in ordinary protected ports. This indicates that free port revenues would be bigger. Necessary funds would be readily available for initial expenditures on free ports, because they are an excellent business enterprise, and there is little doubt that resulting traffic would abundantly pay interest and operating costs. There is a further consideration. The additional traffic that would come here because of free ports would increase the revenues of all neighbouring ports.

In leaving these few points with you, honourable senators, I would throw out a brief warning. The day may come when it will be too late for Canada to seek to establish free ports as a means of attracting a big share of the transhipment and distribution businesses, which this country is so well equipped to handle because of its marvellous arteries of commerce—the St. Lawrence river and our great railroads. It does not take much to cause a country to lose trade, but the regaining of trade once lost is a difficult and slow process. Gustave LeBon says: "The number of people who have missed opportunities is greater than the number to whom opportunities have failed to come." The present Bill gives Canada a very valuable and important opportunity to establish free ports.

I should like my closing word to be one of praise of the honourable senator from De Lanaudière (Hon. Mr. Casgrain), who, through this measure, is paving the way for Government action.

Hon. Mr. CASGRAIN: Honourable senators, I beg to move the adjournment of the debate until Wednesday next, the 13th instant.

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

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Sir Lyman P. Duff, 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 Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

Hon. Mr. RAINVILLE.

An Act for the relief of Sonya Shenkman, otherwise known as Sadie Shenkman.

An Act for the relief of Louisa Markland Molson Blaiklock.

An Act for the relief of Rita Constance Beatrice Gurd Rykert.

An Act for the relief of Helen Elizabeth Ham Lilley.

An Act for the relief of Mary Kaydouh Massabky.

An Act for the relief of Dora Louise Gustiana York.

An Act for the relief of Violet Charlotte Dyke Duiven.

An Act for the relief of Irene Louise Penny McKee.

An Act for the relief of Esther Shapiro.

An Act for the relief of Thomas John Howard Fox.

An Act for the relief of Ruth Fitzrandolph McMaster.

An Act for the relief of Agnes Mercer Daniels.

An Act for the relief of Gerald Thompson Miltimore.

An Act to assist in the relief of Unemployment, the promoting of Agricultural Settlement and Rehabilitation, and in the Development, Conservation and Improvement of certain natural and other resources.

An Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.

The Right Honourable the Deputy of the Governor General was pleased to retire.

The House of Commons withdrew.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, May 12, at 8 p.m.

THE SENATE

Tuesday, May 12, 1936.

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

Prayers and routine proceedings.

CANADIAN COLONIZATION PLAN

MOTION AND DISCUSSION

Hon. ARTHUR SAUVE rose to move the following resolution:

While recognizing the necessity of utilizing our immense territory according to a rational plan of exploitation and colonization, this House is of opinion that:

(a) immigration into Canada must be conducted along lines of the greatest prudence, so as to protect our traditions, strengthen our institutions, and also so as not to complicate our national problems nor aggravate those affecting agriculture and unemployment;

(b) that the repatriation of emigrated Canadians should be efficiently encouraged before any other immigration;

(c) the emigration of naturalized Canadians should be controlled in such a way as to reduce it to its lowest possible form, if not to prohibit it altogether.

He said: Honourable members, the very nature of my argument in support of this motion is such that, in order to express clearly my thoughts with regard to it, I am once more compelled to speak in my mother tongue. In doing this I do not wish my colleagues to interpret my action as a determination to speak only in French, and in my next attempt to address this Chamber I shall speak in the language of the majority of its members.

Through consideration for this majority I will now endeavour to explain in a few words the fundamental nature of my address. The few lines contained in my motion cover the whole ground of the populating of our country and express the full meaning of my thoughts on this subject. I am approaching the matter, not from a narrow point of view, but with one main idea—the real and true interest of Canada. I am not opposed to an immigration policy which is limited by the real needs and conditions of the country. I realize that this question must be examined, not from the standpoint of racial considerations, but from the point of view of the country at large. I advance the claims of a system of colonization which will not complicate our agricultural problems, but will conform to the needs of production and commerce. I wish to see immigrants who will come here not as conquerors, but as true collaborators with our people, and who will respect the laws and institutions of the land, intent only on the national development of this country.

(Official Translation): Honourable senators, the motion I have the honour to submit to your due consideration speaks for itself. It relates to a problem as old as the world, since, according to one writer, "Universal history is but the record of migrations." Did not the Supreme Ruler say: "Crescite ac multiplicamini et replete terram?" At all times the immigration problem has been the great concern of the leading minds in all civilized nations, though it was never the subject-matter of any defined political or economical planning. Like most other problems, immigration depends on conditions and circumstances peculiar to any country.

One cannot but feel both admiration and regret when reading, in the most reliable records, of errors, blunders and abuses going on precisely at the time when, at the price of blood and great sacrifices, a small people, numbering but 60,000, forgotten by its motherland, kept up such a wonderful resistance as to render possible its miraculous survival.

The history of nations, ours included, teaches one great lesson, that is the necessity of a much more rational, human, Christian and national policy of settlement than the policy followed in the past. That which obtained at certain periods during the nineteenth century, not to speak of other days, was far from edifying.

In Canada why should not the primary races, custodians of our institutions, consider it their duty to get closer, to unite on a common ideal, and so give the foreigner or new-comer the impressive example and splendid spectacle of fellowship and solidarity? Such solidarity would bind Canadians still more firmly to their own land, compel a better selection of immigrants, and also compel countries with a population desirous of settling elsewhere, to cease evincing that contempt so much in evidence in the exportation of their undesirable and guilty ones as it was in the last century and after.

Proud of being a nation, Canada must therefore strive to signalize herself according to her resources, and still more by the character of her people than by her physical wealth.

Human assets and natural wealth are the two main factors which make for the greatness of a nation.

In his splendid survey of rural conditions and problems in Canada, Mr. Thomas Adam wisely shows that "conservation of human and natural resources means not only good husbanding of what we have, but also planning for our future growth."

That is why my motion covers the economic, moral, national and social features of the problem. Immigration, restriction of emigration, and bringing back those who so desire: these are the three main points to be considered in the settlement of our country.

And that is why I thought so vast a question worthy of the patriotic attention of this Upper House which I have the honour to address.

Of course, the purpose of my modest observations is not to teach but rather to invite opinions from a group of men trained in the study and solution of our problems, from the point of view of the highest interests of the country, so that in the inspiring light of such wide outlooks the possibilities, obstacles and wisest solutions may appear more clearly.

In every parliament since this House has been in existence, different features of this question have been dealt with authoritatively by honourable senators.

Over twenty-five years ago our honourable friend for Lauzon (Hon. Mr. Paquet), then a member of the House of Commons for L'Islet,

was among those who viewed with alarm and denounced the policy of excessive immigration, the insignificant methods of repatriation and the lack of control with regard to emigration of Canadians.

I am sure that our colleagues would listen with pleasure to an analysis by my honourable friend of the debates of that time on this matter. So I pass on.

The fact that, under one form or another, immigration is still advocated in Canada by various organizations, provincial legislatures, newspapers, and men of indisputable influence and activity, justifies my motion, and indeed strengthens it.

At such a stage in our economic life it would be idle to deny the importance of knowing what our immigration policy will be in the immediate future. It would be foolish also to deny the urgency of a well-defined plan in regard to immigration, emigration and the bringing home of those who are willing to come back. A full discussion of such a question in a country like Canada is certainly a delicate matter. It often tends to misunderstandings, imputations of motives, excessive and rash judgments, regrettable accusations and frictions which frequently are the result of poor training and very detrimental to the country and the two races intended to be protected under our Constitution. For the irritation resulting from the fight between the advocates of intensive immigration and the ultra-nationalists has not yet died out. Consequently I propose to deal with the matter in such a way as to screen myself against the least suspicion of racial or political fanaticism or narrow provincialism, and even of that dislike of strangers which causes one to see in every foreigner a suspicious individual. I am one of those who believe that Canadian problems must be considered with that broadmindedness befitting inhabitants of a country so vast in territory and so rich in natural resources, and with due respect for historical facts. But that does not mean that the two main races, or either of them, ought to permit or tolerate contempt for their rights, their traditions and their common or respective institutions.

To my mind it would be unfair, illogical and useless for a minority, whatever its constitutional or other special rights, to try to prevent the rational settlement of Canada out of fear of being weakened or submerged. I do not know that such a school of thought exists in Canada. Let us make no mistake. For instance, the objections of the French Canadian minority to immigration concern rather the immediate need for immigrants at such a time of depression and unemployment; also the choice, the fitness, and mentality of the immigrants; and also the possible ulterior design, on the part of certain partisans of intensive immigration, to repress or get rid of the descendants of the pioneers of the country. That is a view I heartily share, as, I am sure, do all true friends of Canada and fairness. I am satisfied that, true to its principle, jurisdiction and constitution as defined and provided by the Fathers of Confederation, the Senate acts according to reason and justice, without yielding to popular anger and prejudices. It has been shown more than once that it is to the interest of Canada to keep in this country the descendants of the first settlers. If at certain times the sons of Canada had been dealt with more justly, we should have been spared the disastrous migrations which so seriously complicated our problems, altered our institutions and weakened our economic structure.

In order to stop or prevent such migrations, I wonder if the leading minds of both races would not consider that the time has come to meet and agree on aspirations acceptable to both, to be termed Canada's Creed.

It is in Canada's interest to welcome immigrants of the right class, willing to be honest, friendly and respectful partners, and to share with them the benefits of her wealth; but not to receive concealed or avowed revolutionists having but contempt for her treaties, her Constitution and her rights. We need co-operators ready to help us solve our problems, instead of people whose presence would of necessity complicate them.

But it would be unfair and intolerable to have immigrants settling here as daring conquerors and defying invaders, full of scorn for the will of the native people and their devotion to their country.

Errors and abuses committed at home even as late as the first part of the twentieth century, and previously in other countries, should serve as warning. Canada, with a population of only ten millions, is already suffering from a moral and economic deformation due to an excessive immigration policy actuated wholly by materialistic motives instead of by national ideals such as should govern our anticipations and activities. Allow me to quote a splendid thought eloquently expressed by the Right Hon. Lloyd George:

> Nothing could be more fatal to a nation than to concentrate its mind exclusively on the material needs of the moment. National ideals without vision are but thistles in the desert, of no use either as food or fuel. A nation relying on that only is bound to die. After the war we shall have better workshops, but we shall need more than ever institutions capable of lifting the minds of the people above workshops and shop-counters. We shall need every national

tradition recalling to men that they cannot live on bread alone.

Let the real Canadian leader work out the solution of our problems in the light of such lofty ideals. That does not mean neglecting and scorning material things. They are indispensable. I would not have my compatriots believe that Canadians must live only on ideals and traditions. Our duty is to make Canadian life attractive to the new-comers, enticing by its idealistic manifestations and respectful devotion to commendable customs; and assimilating by a solid education and sound methods of economic development.

"Generally, trees rooted through stones bear but poor fruits," writes Frederic Gerbier, in his colourful way. What a splendid thought, considered in the light of our history. To the general astonishment, however, some miraculously withstand and go on persistently producing. They are from strong stock, that is from pioneers of a well-tempered faith.

A great Frenchman and a good friend of Canada, Monsieur Rameau, said one day, when visiting Montreal: "The transplanting of men requires as much care and causes as many difficulties as does the transplanting of trees; for one must make sure that they root anew so as to adapt themselves properly to their new life."

That indeed should be the guiding principle of our immigration policy. Count de Gobineau recommends an understanding of how to graft the stock so that it may not only survive, but prosper.

Dr. René Martial, in charge of a course of lessons on immigration at the Health Institute of the Faculty of Medicine in Paris, holds however that interracial grafting is not always easy nor effective. Non-assimilation has hurt many great nations when unassimilable immigrants became centers of contamination and inveterate enemies. True it is that some Canadians are no better, while many new-comers are valuable auxiliaries and great upholders of their adopted land. History abounds with such examples. Gobineau, a French writer on sociology, says that the French people were, from the start, after the Gallo Romans, a blend of races without parallel. This explains why so many Frenchmen bear such foreign names as to astound French-Canadians. Well, in Canada, we have Wilson and many other names of English, Dutch, Italian and various other origins borne by people who have turned French-Canadians, while many Canadians with French-Canadian names have turned English or Irish. But, on the whole, assimilation was rather uncommon in Canada. Did the two races in a position to practise it gain much out of it? It is true that the French-Canadians, loyal to the British crown and British institutions, would not attempt to use it as a means of checking the majority.

During the nineteenth century about fifty per cent of European emigrants, that is over twenty millions of people, went to the United States. Though English is the language learned at American schools and spoken everywhere, there are still all over that country many unassimilated groups causing anxiety and serious trouble.

In his history of migrations, Mr. R. Connard, professor of law, of the Faculty of Lyon, shows that the United States, anxious about the weakening effect of immigration, decided to restrict it vigorously. That policy has been accentuated since the War, but was worked out before. "The rush of immigrants composed mostly of people deemed to be of a low class, destitute, poorly trained and more or less sound, determined," says he, "a reaction already started among the working men afraid of the ensuing and ever increasing competition of cheap labour." Mr. Connard states that the United States is not the only overseas country with a prohibitive or restrictive immigration policy. Australia and South Africa closed their doors to Asiatics. He also points out that Canada, formerly so wide open, did like the United States, especially with regard to Asiatic immigration.

English historians, such as E. J. Wakefield, Stanley Johnson and Thorold, have criticized very strongly the immigration methods of England, accusing her of having too often tried to rid herself of her bad citizens under the pretext of responding to the needs of her colonies. We know the reports of investigations carried on under Governor Durham, but to sift them again would serve no purpose.

The history of immigration to Canada since the conquest may be summarized under four heads.

First, there is the period extending from the conquest to 1840; then the period under Durham, when the writings of Wakefield and Rogers produced their effect. In a well-prepared essay read before la Société Historique de Montréal, Mr. Langlois, an able journalist, has this to say of the main English groups settled in Canada:

> At that time it was believed that Irish immigration to Canada would rid the Englishman of his heavy burden. Emigration to the colonies was preferred to the Malthusian birth control by "conjugal restraint." After their glorious defence of the country against the Americans, the situation of the native Canadians, born of parents long established in

Canada was far from improving. When speaking of ethnical antagonism Lord Durham clearly has in mind the treatment inflicted on the settlers, who became indignant at being considered as outcasts. But though angry about this among themselves, they seemed to forget their strength and their natural powers, and kept on firmly devoted to the land of their ancestors.

Next comes the period of railway development and the most intensive immigration propaganda. The inauguration of the Canadian Pacific, in 1885, gave promise of a great era of progress. To settle those lands and support the railway, population and traffic were needed. That is obvious. Nation builders, statesmen, manufacturers and churchmen gazed on that immense territory known as the Western Prairies.

It was the hope of settling those vast plains which moved the great nephew of de la Verendrye, Mgr. Taché, the eminent missionary bishop, to write in his "Esquisse du Nord-Ouest" published in 1882:

> One naturally wonders if such an immense wilderness will forever remain as Providence has kept it till this day. Isolated in this boundless area, one often asks himself whether European activities, or the still more feverish exertions and the daring ambitions of the great neighbouring republic, or the creation of Canada, will not operate strongly here. Will our great and beautiful rivers and our immense lakes never see but the Indian bark-canoe or the heavy-oared barge of the fur trader? Are the agricultural resources, the mineral wealth, the forest and water riches of this territory never to be estimated at their real value?

Well, not long after the publication of his book, Bishop Taché witnessed the realization of his dream: the great West became part of Canada. And then it was that Lord Dufferin, the Governor General, wrote:

> From its geographical position and its peculiar characteristics, Manitoba may be regarded as the keystone of that mighty arch of sister provinces which spans the continent from the Atlantic to the Pacific. It was here that Canada, emerging from her woods and forests, first gazed upon the rolling prairies and unexplored Northwest, and learned, as by an unexpected revelation, that her historical territories of the Canadas, her eastern seaboards of New Brunswick, Labrador and Nova Scotia, her Laurentian lakes and valleys, corn lands and pastures, though themselves more extensive than half a dozen European kingdoms, were but the vestibules and antechambers to that Dominion, till then undreamed-of, whose illimitable dimensions confound alike the arithmetic of the surveyor and the verification of the explorer. It was hence that, counting her past achievements as but the preface and prelude to her future exertions and expanding destinies, she took a fresh departure, received the afflatus of a more imperial inspiration, and felt herself no longer a mere settler along the banks of a single river, but the owner of half a continent; and in the amplitude of her possessions, in the wealth of her resources, in the sinews of her material might, the peer of any power on earth.

However, one would have to be blind to deny that Canada will attract immigrants. In fact some people dream and talk of bringing in millions of them. Out of a total area of 3,750 square miles, Canada has a land area of 2,306,502,153 acres, of which it is estimated that 300 million acres can be made productive. Canada has developed hardly eight per cent of her total area. In the old province of Quebec hardly more than three per cent of the land is under cultivation. Four hundred thousand farms, measured or surveyed, are awaiting settlers. The urban population, which fifty years ago was approximately only thirty-five per cent, now exceeds the rural population.

Ratzel, a writer on geography, says "that the future belongs to those who will hold in the world sufficient space to live, breathe freely, and be on an equality with their neighbours."

Space is certainly not what Canada lacks to become, in time, one of the great nations of the world, but her population is still too small for her to be on an equality with her neighbour. The more reason, it will be said, to favour a fair amount of immigration, which would not deprive us of the control over our own affairs, our economic development and social stability. But is that possible? By what methods? A better selection of immigrants? Is that easy?

That does not mean opposing every scientific development. Even if we were so inclined, our young and keen generation, brought up in the motor-car age, would get indignant much sooner than some people are willing to admit.

We are in the same situation as all young countries blessed with superabundant resources and enjoying a degree of civilization such as to mould and form nations. The historian Burke says: "Flocking to rich and potential industrial countries lacking in population, for whatever reason, is as natural as the rush of dense air through less compact strata. Besides, the world was created to be peopled." Which, truly, is a divine precept in effect long centuries before any period known to scientists and historians.

But how should we pursue the settlement of our country? The experience of the past teaches us that we must first stop the emigration of our own people, then have a system which will encourage large families, a more effective health organization and a selected immigration.

My purpose in briefly going over past history in company with my honourable

colleagues was to remind us all of the results of immigration at certain times in certain interesting countries, to point out examples and evidences by which our country should profit, and also to support the principle I enunciated as the basis of the settlement policy that should long ago have obtained in Canada.

I now come to the present period, which must be considered in the light of facts. Some of those that I have stated are taken from my own records and others are from books that I have already mentioned or shall mention as I proceed.

Need I repeat that I have not the least intention to belittle or to slight immigrants now considered as good Canadians? Of such as those we desire more, but always subject to the actual needs of the country.

What is the situation after more than a quarter-century of intensive immigration and regrettable emigration? Financially and morally, what is the result, on the whole? Have we gained more than we have lost? How many Canadians have left the country in fifty years? What did we do to retain them or to bring them back? How many Canadians did we lose for lack of effective health organizations? Our statistical records are fairly exact for only about fifteen years.

In the Canada Year Book I find the following in support of my own statements:

> While the great majority of French Canadians can trace their descent to ancestors who left the Old World two hundred and fifty years ago and even longer, most English-speaking Canadians are comparative newcomers both to Canada and to this continent, though a considerable number of the United Empire Loyalist families had been resident in the old colonies for generations before they moved north to establish English-speaking settlements in what is now the Dominion of Canada. During the middle third of the nineteenth century, a great English-speaking migration entered the province of Ontario, and made it for the first time more populous than the sister province of Quebec, thus bringing about the agitation for representation by population. Thereafter, immigration slackened until the dawn of the twentieth century brought another flood of settlers to the newly opened territories of the great Northwest, resulting in an increase of population between the censuses of 1901 and 1911 greater than the combined increase of the three decades from 1871 to 1901.
>
> Immigration during the second decade of the twentieth century promised, at its commencement, to be even greater than during the first. In its first three years no fewer than 1,084,934 persons entered Canada for purposes of settlement.

What have Canadian schools done to develop the love of country, to impress the minds of children with a national spirit? And, generally speaking, what was the role of our educational institutions in the same field? And, all of us, have we acted in such a way as to instil love of the Canadian land? Have we preached confidence and national pride? Are we doing so now? So many questions we ought to consider seriously in a spirit of repentance.

I quoted the views of many eminent people, which are confirmed by reliable and instructive statistics. At the risk of wearying the majority in this Chamber, I should like to quote some others. And to show my firm desire for impartiality I have quoted even more from English than from French-Canadian writers. Extracting precise conclusions from official figures means some minute work.

I was quite amazed to find so many severe criticisms of our immigration policy by Anglo-Canadians. Were they of my own race, I would probably hesitate to quote them.

Strange to say, incredible indeed, from the point of view of population our immigration policy would seem to have resulted in a deficit.

Mr. Roland Wilson, a renowned writer, does not hesitate to say so, in a minute survey published in the Canadian Historical Review, 1932.

In a carefully prepared statement he shows that during the period extending from 1867 to 1925 emigration from Canada exceeded by 535,000 immigration to Canada, which means an annual deficit of 9,000 people. Mr. Wilson's contribution was the subject-matter of most thoughtful observations in the Geographical Review and l'Actualité Economique. Professor Jackson of the University of Toronto judged it worthy of critical comments. Two years before Professor R. M. Lower of Wesley University, Winnipeg, arrived at the same conclusion (Queen's Quarterly Review,—Spring 1930).

Like Mr. Wilson, Mr. Lower, comparing emigration with immigration, comes to the conclusion that Canada's population would number about the same to-day, had not one single immigrant come for sixty-three years.

Should not every good Canadian seriously ponder over Mr. Lower's statements? For instance, he notes that until 1859, with scarcely any immigration, the Canadian population doubled every twenty-five years, whereas from 1851 to 1901 the rate of increase fell so low that it took Canada ninety years to double its population. Why such a difference? Emigration of our people to the United States is the answer. Professor Lower goes so far as to say that during the last half century one of every two children born in Canada had ultimately to move over the boundary.

Without going into detailed comparisons as they did two years later, Messrs. Wilson and Lower stated that immigration did not counter-

balance emigration and that, far from increasing our population, immigration in the end caused emigration.

All these statements, based upon carefully prepared statistics, fully justify the view of Mr. Esdras Minville, an eminent professor at l'Ecole des Hautes Etudes Commerciales, who, in October last, pointed out the necessity for a "settlement policy" rather than for holding solely to an "immigration policy."

But settlement is above all a social problem. In November, 1933, Dr. Milton Hersey, addressing la Ligue du Progrès civique in Montreal, set down rather accurately the main points of the problem:

Some time, when the depression is over, we shall have to face the immigration problem. Let us hope that Canada shall not then repeat the errors of the past. Future immigrants will have to make up their minds to become Canadians and agree to bear their share of Canadian responsibilities. We have already too many foreigners hindering the administration and the progress of the country. The normal and natural development of Canada requires more population, and we shall have, of course, to welcome qualified people from other lands willing to help us: healthy and earnest settlers with enough capital to take care of themselves. A careful selection will be necessary in order to avoid bringing in, as was done in the past, people who become a hindrance to progress and competitors against our workmen.

Many wise Canadians before Mr. Hersey had expressed similar views.

On the same occasion Mr. Joseph Jenkins, an English-speaking lawyer of Montreal, delivered over the radio a talk on immigration. In harsh terms, for which I do not take responsibility, he said, among other things:

In Canada, at the conquest, there were two ethnical groups: the French and the English. At the beginning of the twentieth century an active propaganda for the settlement of the Western prairies was carried on. On the invitation of Canada, Europe purged herself of her undesirables and, for a decade, a heterogeneous and polyglot immigration flowed steadily towards the prairies. War stopped the flnow, but no sooner was the War over than immigration was resumed on a larger scale than ever. Over 500,000 immigrants came to help us settle the Western prairies.

What were the effects of that immigration on our national life? And on our social life? We do not know yet. A million would not be too much to defray the cost of an effective survey of the situation created in Canada by that kind of immigration.

Nudist parades, communistic activities, agitations against education, violent strikes, socialistic propaganda, and those so-called colleges dedicated to the teaching of Marxist principles: all such occurrences of recent years should open our eyes.

And our labour people, our workmen? In the province of Quebec the French-Canadian workman is displaced by cheap foreign labour; and so deprived of his living in Canada, he has to move to the United States. Such a situation is abnormal. Fortunately the United States closed their doors to our people, but what assurance have we as to the future? We have to thank our neighbours for so doing.

But, then, we have to admit that it is the United States and not we that are preventing them from emigrating.

Mr. Jenkins goes on:

We have an immense country abounding in natural resources, but we are also carrying on under a very heavy burden of indebtedness, in fact too heavy for so small a population. We cannot rely on natural increases, even if the methods of Hitlerism and Fascism could obtain here: the process would be too slow for the normal development of such a vast country as ours. What we have to offer to the immigrant cost us too much in sacrifices to be given to anyone who is incapable of gratitude: immigration will require careful selection.

Is the English-speaking Canadian wrong in his criticism? I admit he should have made exceptions, for, I repeat, there are immigrants who are already good Canadians. Do they constitute the majority? One has to admit that Mr. Jenkins gave expression to very open truths.

The late Mr. Arthur Dansereau, a journalist of great repute, known by the honourable leader of the government (Hon. Mr. Dandurand), and a confidant of Cartier, John A. Macdonald, Chapleau, Charles Tupper, and, later, of Laurier, wrote in La Presse in 1902 the following wise and far-sighted warning as to American immigration:

The close proximity of Canada and the United States gives rise to constant and various problems in our confederation. Some years ago emigration of Canadian people to the United States, from Ontario as well as from Quebec, though the latter was more talked of, was one of the most important questions our governments had to consider.

Concerning Canada's progress, La Presse added:

The result has been the immigration to Western Canada of American farmers in such numbers as to give the impression of an exodus of such proportions as to concern American economists and also to require from Canada a careful study of the new conditions created by such mass immigration.

The chief editor of La Presse points out the danger of a peaceful invasion of our Western prairies, an invasion which, however peaceful, may nevertheless have considerable economic and political consequences.

Bordering our country they were in a position to appreciate its advantages, not only for wheat-farming but for the production of other grains as well.

Well, the result was the organization of big companies, which secured large tracts of land in Manitoba and the North West Territories, where they will direct a constant flow of immigrants. Since the beginning of that undertak-

ing over twenty-five thousand farmers settled there and emigration is increasing and spreading from other parts of the American republic, as evidenced by the coming in of settlers from Texas and Colorado.

It is impossible to foresee what proportions such an influx will eventually assume. Our lands are just as fertile in wheat as those of the Western states of the neighbouring republic, which last year yielded 200 million bushels. Canada's production was only one-third of that, but, with sufficient tillers, the yield may easily equal that of the United States. It would certainly not be surprising to see at least one hundred thousand American farmers settled in Western Canada inside of four or five years.

One day that same year the Honourable Mr. Tarte, who was still a member of the Laurier Government, if my memory serves me right, made a splendid speech in reply to Messers. Oliver and Davis, both of whom were favourable to intensive immigration. He disclosed his concern at such a sudden inrush of Americans, and especially at the coming of large groups of a new element usually bustling and exacting and never evidencing for our institutions and customs that consideration and regard one would expect from such close neighbours.

Mr. Tarte died young, a victim of hard work. Most Canadians did not agree with him on all matters, but he certainly was an able man, at times capable of fine patriotic gestures, and never inclined to shrink before the enemy.

Commenting on Mr. Tarte's speech, Mr. Dansereau wrote:

> Mr. Tarte's concern is quite timely, as evidenced by the expressions of views to be found in the American newspapers dealing with this matter.
>
> The other day a gentleman addressing the Illinois Manufacturing Association bewailed the emigration of his compatriots to Canada and expressed the hope that the time had not yet come when Americans had to abandon their country and their flag to take refuge in a foreign land.
>
> To which the St. Paul Globe replied that alarm beyond reason would be wrong. The Globe points out that all those American farmers remain true to the democratic representative institutions that may have determined their forefathers to choose the United States as their home when they decided to free themselves from the yokes of European powers.
>
> If the Americans come to Canada with the intention of shaping a new course for our institutions, they may cause troubles which it would be a mistake not to warn against from the start.
>
> Canada has always asked of immigrants who come and settle here to leave behind them the ideas nourished or acquired in the countries from which they come, and to identify themselves with all Canadian ideas and sentiments, without exception.
>
> It cannot be otherwise with respect to the new population which comes from the United States, and we certainly cannot allow them to retain American ideas which do not conform to the Canadian constitution.
>
> To mention one example, expansion or imperialistic policy having been adopted as an American doctrine, it would hardly be pleasant for us to be indebted to our new settlers for the adoption of the principle. After hesitating so long before meddling with South African affairs it would be strange if, from democratic motives, we came to meddle with those of the Philippines.
>
> To sum it all up, the arrival of new settlers is of great benefit, from an economic point of view, but it would be better to avoid all possible error as to their political ideals: they must conform to those of all other citizens, having the same aspirations, if possible, but, at any rate, being true to the same allegiance.

Then years later, in 1913, Mr. Georges Pelletier, professor at the University of Montreal, who from 1909 to 1912 was probably the most brilliant member of the Ottawa Press Gallery and is now editor of Le Devoir, published as a pamphlet his report of a judicious inquiry into our immigration policy and its results. He came to the conclusion "that our rulers could not begin too soon to measure the whole scope of the impossible task, so as to bring to an end this blind policy on immigration; and if they do not act their successors and all Canada will to-morrow have to face one of the most formidable and most insoluble problems imaginable to the human mind."

Evidently, this warning did not come from a mind blind and indifferent to the country's interests.

In the last issue of the Canada Year Book, published by order of the Hon. Mr. Euler, Minister of Trade and Commerce, I find the following acknowledgment:

> The depression which began about the close of 1929, with its accompanying unemployment and unsold surplus of farm products, raised the question whether it was desirable that Canada should accept immigrants in any considerable number.

Faced with this situation which it inherited, the new Government (the Bennett Government), faithful to its policy of "Canada First," nine days after being sworn in, that is, on the 14th of August, 1930, passed an Order in Council limiting immigration, except as to British subjects coming from the Mother Country or from the self-governing Dominions and American subjects coming from the United States, to two classes: (a) wives and unmarried children under eighteen years of age coming here to join the father of the family, provided the latter was settled here and already able to assume the charges; (b) farmers with enough money to settle on Canadian farms. This restriction applied to the whole of continental Europe as well as to many other countries. The rules concerning

immigration from the British Isles, the British Dominions overseas and the United States remained unchanged, but all publicity and propaganda were stopped. As a consequence of that policy, in 1931, the Department of Immigration and Colonization closed all its information offices in the United States and reduced its representation in the British Isles.

The result of that policy was to reduce our immigration to the same low level as in the first years of Confederation. But it would be unjust to hide the fact that for several years the rules on immigration have contained a clause that all immigrants entering Canada must own sufficient funds to keep themselves until they can find jobs. Of course, a sum which might be considered sufficient when there is plenty of work might not be so in times when employment is hard to find, and the application of this rule is an important factor in the reduction of immigration to-day. Moreover, an Order in Council passed on August 7, 1929, forbids any immigrant from landing in Canada if he is coming here in fulfilment of a contract or agreement, expressed or understood, to do any kind of work or give any kind of service; on the other hand, the rule does not apply to farmers, farm labourers or domestics. Under the same order, the Minister of Immigration and Colonization may admit any workman on a special job, if the said Minister considers the workman's craft or services necessary to the country. Sad to relate, the last paragraph has given rise to numerous and scandalous abuses.

About the time of Confederation, according to the census of 1871, the country's population was 3,689,257. That population was mostly concentrated in the two Canadas, Quebec and Ontario, and in the lower provinces. Manitoba's population was only 25,000, British Columbia's 36,000, and the Northwest Territories' 48,000.

The Fathers of Confederation, to render the federal pact acceptable, had undertaken to unite the lower provinces and the port of Montreal by a railroad. A little later, when British Columbia came into Confederation, Canada pledged itself to unite the Pacific coast to the rest of the country through another railroad. The reconstitution of the country according to the federal plan aimed, therefore, among other things, at establishing railroad communications to facilitate commercial relationship between the East and the West, and vice versa.

I do not hesitate to repeat, therefore, that the building, first of the Canadian Pacific, then of the Intercolonial, and finally of the two other transcontinental railroads, was the most important question for nearly forty years of our political annals.

Although the Canadian Pacific Railway was started by a private company, it was built with the aid of federal money grants and grants of land all along the line.

The Canadian Pacific Railway had two main reasons for seeking outside labour: first, there was insufficient population between Ontario and the Pacific coast; second, it was to the interest of the company to inaugurate a policy of intense colonization in order to dispose of the millions of acres which the company had received from the Crown.

It was the building of railroads which swept Canada into this policy of intense immigration and colonization. This same policy was revived and stimulated when the Liberal party came into power in 1896. Following in the footsteps of Macdonald and Cartier, the main ambition of the Laurier Administration was to make of our Western prairies the "granary" of the world. And from 1896 to 1911, the Government concentrated nearly all its energies on establishing in the Western Provinces an ever-growing population devoted to wheat-growing. In 1905 two new provinces, Saskatchewan and Alberta, were detached from the Northwest Territories. In order, first of all, to help colonization, and also to prevent the Canadian Pacific Railway from becoming a railroad monopoly—which was feared even in those days—the same Administration built two other great transcontinental lines. I shall make no comment now on that great error.

The construction of those railroads naturally attracted to this country large numbers of labourers who, it was expected, would later settle the lands granted to the promoters. I therefore venture to say that the main motives of intense immigration in Canada were, first, the construction of the Canadian Pacific Railway, and, later, the settlement of a colony of wheat-growers in the immense Western prairies.

As a net result of this immigration policy instigated and stimulated by the carrier companies, three of the Western Provinces were populated: Manitoba, Alberta and Saskatchewan.

Need I repeat it? Since 1867 we have brought into this country something like six million foreigners, at an approximate cost of $55,000,000. It is no exaggeration to say that our carrier companies and the colonization societies spent as much again.

The country has kept 2,300,000 of those foreigners, who cost us $110,000,000; so that we wasted $74,000,000.

Between 1927 and 1930, another period of intense immigration, we received 1,218,500 immigrants, at a cost of $45,000,000 or thereabouts, $22,000,000 of which, at least, was spent by the federal treasury.

Needless to say, we cannot start now another period of railroad construction, except perhaps a few branch lines, such as the one we need in my constituency, between St. Eustache and Oka. Both the Acworth-Drayton Commission, in 1917, and the Duff Commission came to the conclusion that Canada, because of its population and economic condition, already had too many railroads.

Furthermore, it is now admitted we must eliminate, as far as possible, the excessive railway mileage which makes up a large percentage of our liabilities to-day. I shall not try to settle that question now.

It must not be forgotten either that during the two great periods of railroad construction the immigration of foreign labour did not represent a liability, for it was balanced by a tremendous importation of foreign capital. England and the United States provided nearly eighty per cent of the capital used in the building of our railroads. If the immigrant is not immediately and remuneratively employed, after his arrival, he threatens to become a public charge.

If we must encourage the entrance here of thousands of foreigners, and if such a situation is not to become a liability, their arrival must be justified through the importation of foreign capital which will serve to employ these newly arrived people, as was the case when our railroads were built.

We cannot bring to reality our predecessors' dream of making the Western Provinces the "granary" of Europe.

The economic life of the prairies was based nearly exclusively on wheat-growing, which represented the total or the near total of public and private revenues. Because of new conditions in the world market, we must to-day decrease our wheat acreage and submit our exportations to quotas. It is unthinkable, therefore, that we should continue to settle the prairies for wheat-growing as in the past.

Well-informed economists have reached the conclusion that the West can only survive if it takes up mixed farming and industry, and that, at present, would be a calamity for the rest of Canada. We must not let a machine-made settlement scheme complicate the problems of agriculture through the choice of poor settlers or through overproduction beyond the power of our markets to absorb. It is therefore said that there is at present no question of sending new settlers to the West, for the problem there is no longer one of population.

The population already seems more than sufficient to develop that part of the country, for the results of the past do not justify a return to our former policy. According to the last census, nearly twenty-two per cent of our population is not Canadian-born. The foreign-born population of each province is in the following ratio:

	Per cent
Prince Edward Island	3.16
Nova Scotia	8.15
New Brunswick	5.98
Quebec	8.75
Ontario	23.43
Manitoba	33.79
Saskatchewan	34.55
Alberta	41.78
British Columbia	46.02

Our immigration policy has had practically no other result than to establish a foreign country within the boundaries of Canada. Indeed, that policy intended from the first that the immigrant population should be grouped in the four Western Provinces, which have become, in the last twenty-five years, one of the dominating factors of our political and economic life. Besides constituting in the midst of our population a nucleus of foreigners, immigration, especially since the War, served to alter the ethnical character of the country. It is a well-known fact that the great majority of communists, socialists and other radicals is found among these immigrants. So that such new-comers threaten to change our political course in a radical manner.

Mr. Edgar Boutet, a too modest newspaperman, who is extremely well informed on most interesting and most useful statistics, has proven in a notable essay that about sixty-five per cent of the unemployed now living on direct relief came to this country only during the last ten years. It has been rightly said that it is not the country which is not suitable to those people, but the immigrants who do not suit the country.

And further, before bringing population to Canada, we must bring our own people back to rural life. Before we can solve our economic problems we must return to a fair equilibrium in the distribution of our population and our economic activities.

Let us first come back to the land. According to the census of 1931 the country has seen a progressive forsaking of the land. According to the same authority, our population is distributed in the following way:

	Urban	Rural
1891..	68.20	31.80
1901..	62.50	37.50
1911..	54.58	45.42
1921..	50.48	49.52
1931..	37.07	62.03

That table shows too large a surplus of population in urban centres, which is undoubtedly one of the reasons for the continued aggravation of unemployment.

Therefore, before we think of bringing other elements here we should look after emergencies and re-establish equilibrium between the rural and the urban classes. In other words, before we try to settle the country, let us try to ruralize it. Because of its very nature, its possibilities and its mission, it must become once more and above all a farming community. We must find profitable markets for our products, and settlers who will have our interests at heart, who will be happy in our atmosphere and willing to live here by our side as brothers anxious to strengthen our national elements. That is essential. I am not one of those who blame all our unemployment troubles on an excess of population. They say there are too many people in the universe. Better say: There are too many machines, ready to do anything, making an artificial world, and taking the place of men created by God to people the earth.

We must return to a more rational, more natural system. Let us employ people rather than buy machinery to take the place of labour. No one has the right to kill a human being, from the first moment of his life to his last. Anyone may ruin a machine or even burn it. Let the soil be worked by man with the help of the horse, his faithful ally. We can and we must keep our people here, even if we have to enact restrictions, as other countries have done. Millions of our countrymen have left, for petty motives, because of prejudice, or because they lacked protection. If we had spent as much to keep our own here as to bring foreigners to our shores, we should not have so many problems to deal with.

Hon. Mr. CASGRAIN (Translation): That is right.

Hon. Mr. SAUVE (Translation): Canada was too indifferent to her sons' going away; we believed too easily that they might be profitably replaced by immigrants from overseas, either from the Orient or the Occident. Our Government did not understand the problem; we failed to protect those who were in poverty, without employment, without bread. We should have established national industries, wisely protected, immediately after Confederation, not fifteen years afterwards.

In some ways the French Canadians protected the expatriates by supplying them, in foreign lands, with means of retaining their language and their religion, and thereby encouraged emigration to the United States. That proved to be one of the reasons for the failure of repatriation schemes. For instance, too many efforts were made to establish a new Quebec in New England. It was a beautiful thought inspired by love of race, but it did not prove profitable to Canada nor to the French Canadians who remained here.

Our Government refused to do the utmost to repatriate Canadians. Only petty sums were spent on unattractive organizations which were hardly sympathetic and were tainted with repulsive poverty. Instead of trying to employ our own people in our new industries, we favoured foreigners. There was inefficient control of exodus and repatriation. When I speak of the Government, I mean the provincial as well as the federal Government.

At every session of the Quebec Legislature, between 1908 and 1930, I denounced this deplorable fact, and blamed the Government of my province for not keeping statistics as to the numbers of her sons who were leaving us and the causes which drove them away. Every year I asked for the appointment of a commission to inquire into the situation of those who were planning to leave us; I pleaded for an Act forcing them to report two months before their departure, so that their condition could be looked into and efforts made to keep them, either on farms or in factories. I pleaded for greater advantages for settlers, for allowing them a living grant for the first years, until crops came in after the land was cleared. For the first two years after a man settles on the land, lumber is to him like wheat to a farmer. Let him be allowed to cut and sell lumber so he can make enough money to buy food. Too many roads were built to benefit speculators at the expense of the settlers. Speculation made settlement schemes odious to possible settlers instead of attractive to their courage and patriotism.

The country lacked a true settlement plan. We were betrayed by prejudice, by speculation, by processes of poor education. Some of our colonization districts were badly chosen; some townships and parishes were established in poor farming districts. No protection was given to the form of life which, through natural and honest fecundity, produced our large families. There was substituted instead, in certain quarters, a soulless system, a system of childless homes. Instead of trying to increase fecund homes we permitted the increase of tenements where human masses live one on top of the other in a way that is shocking

rather than edifying and vivifying. We ignored the advice of a great economist:

In so far as conservation of life involves the development of efficiency and ability to make the best economic use of resources on the part of the people, it is of great consequence in the increase of production.

Have our educational institutions, our press, our parliaments shown the Canadian people, the youth of our country, the new settlers, what Canadian patriotism and the Canadian soul should be? As Father Lalande would say, "This heroic, loving and lofty soul, untainted with selfishness, a soul which does not brook insincerity as to the sources of glory; a soul well informed as to its origin, the line from which it springs, the treasures which it received and guards jealously before passing them on in its turn." While contemplating the future, have we ever realized that the cradle of a nation must be charmed by heroic songs, patriotic tales, transmitted from one generation to another and becoming imperishable lessons of unyielding endurance, of tradition and history which no one would dare to soil nor to destroy?

Have we a literature of national love? Have we not instead too many writings of hatred? Have we a literature which teaches love of country by reflecting vibrantly our natural beauties, the qualities of our people and the refinement of our society? Is literature not the image of a people? It is the imprint of its genius, of its tongue, of its heart, of its national and religious faith. Were we not all profoundly impressed when we heard the honourable senator from Peterborough (Hon. Mrs. Fallis) speak eloquently, from a noble soul and a mother's heart, concerning the dangers of a too-free distribution among us of corrupt and foreign literature?

Instead of rekindling the fires of terrible and destructive prejudices, instead of showing our immigrants proofs of old dissensions, why should our Government and our educators not try to extinguish these fires by teaching peace, mutual respect and national pride?

Let each one of us set the lamp in the window, in the hope that our to-morrows may be happy and edifying. Let us protect each other, draw closer together. Let us keep our people here. Let those who wish to share our social and national life as desirable companions find here a population which neither teaches nor practises hatred, but is faithful to the traditions of the Christian home and to the love of Canada.

Hon. RAOUL DANDURAND: I rise simply to put a question to the honourable gentleman, whom I have followed with considerable interest. He has not dealt with the last paragraph of his motion:

(c) the emigration of naturalized Canadians should be controlled in such a way as to reduce it to its lowest possible form, if not to prohibit it altogether.

I would ask my honourable friend to explain this paragraph.

Hon. Mr. SAUVE: If the honourable leader of the Government will kindly read my speech in Hansard to-morrow, he will see that I have dealt with this point.

Hon. Mr. DANDURAND: What does the honourable gentleman mean by "naturalized Canadians"?

Hon. Mr. CASGRAIN: Foreigners who have been naturalized.

Hon. Mr. SAUVE: I mean Canadian-born citizens and naturalized immigrants.

Hon. Mr. DANDURAND: Canadians generally?

Hon. Mr. SAUVE: Yes.

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

INDIAN RESERVES—POLICE SUPERVISION

REPLY TO INQUIRY

Before the Orders of the Day:

Hon. RAOUL DANDURAND: When last week the Indian Bill was given third reading my right honourable friend (Right Hon. Mr. Meighen) desired to know what police supervision had been established on the Indian reserves. At the time I had not the information before me. I have since received it in this form:

In order to provide a uniform standard of service and more efficient law enforcement, in recent years it has been the policy of the department to substitute the services of the Royal Canadian Mounted Police and provincial police for those of part-time Indian constables wherever it has been found convenient to do so.

On a number of reserves special detachments of the Royal Canadian Mounted Police have been established for Indian Act administration; for example at the Vancouver, Kootenay, Nicola, Alert Bay and Skeena Indian agencies in British Columbia; at the Stony and Blackfoot agencies in Alberta; at the Brantford and Caradoc agencies in Ontario, and at the St. Regis and Bersimis agencies in Quebec. At some other agencies the department employs full-time Dominion constables who are regular members of the departmental staff. On some reserves where infractions of the Act are rare, it is found that the services of part-time constables suffice.

In addition to the various special provisions above mentioned, the department throughout the Dominion avails itself of the services of the Royal Canadian Mounted Police and various provincial police forces. These have proven to be ready and reliable, and in the opinion of the department are equal to the requirements

of the situation without the assistance of informers. Should any particular circumstances arise, however, such as to demand increased surveillance, the necessary measures will be taken.

Right Hon. ARTHUR MEIGHEN: I am glad of the character of the information, and thank my honourable friend for it.

DISCHARGE OF UNEMPLOYED FROM CONCENTRATION CAMPS

INQUIRY

Before the Orders of the Day:

Right Hon. Mr. MEIGHEN: Cannot the honourable leader of the Government give us to-night some information as to what will be the fate of the single unemployed men when, a few short weeks from now, they are let loose on the world?

Hon. Mr. DANDURAND: I have certain information for my right honourable friend, but I desire to peruse it before I present it to the House.

BRITISH NORTH AMERICA ACT—AUTHORITY TO AMEND

INQUIRY—DISCUSSION POSTPONED

On the order:

Resuming the further adjourned debate on the inquiry by the Hon. Mr. Lynch-Staunton:

That he will draw the attention of the Senate to, and inquire of the Government, whether it is the intention of the Government to take steps to have legislation passed by the Imperial Parliament to the end that the Parliament of Canada shall have the authority to from time to time amend the British North America Act as it may deem proper.—Hon. Mr. Beaubien.

Hon. Mr. CASGRAIN: The honourable senator from Montarville (Hon. Mr. Beaubien) requested me to ask that the debate on this motion be adjourned to Monday next.

Hon. Mr. DANDURAND: If no other honourable senator is disposed to continue the debate to-night, I have no objection to the motion for adjournment. I may say that the honourable senator from North York (Hon. Sir Allen Aylesworth) intends to speak on this question next week.

Hon. Mr. BOURGEOIS: I move that the order be discharged and placed on the Order Paper for to-morrow.

Hon. Mr. CASGRAIN: At the request of the honourable senator from Montarville, I repeat that he desires to have the debate adjourned until next Monday.

Right Hon. Mr. MEIGHEN: I would suggest that the House concur in the motion of the honourable member from Shawinigan (Hon. Mr. Bourgeois). The honourable senator from Montarville will doubtless be here to-morrow, and then, if he so desires, he can move further adjournment of the debate.

Hon. Mr. DANDURAND: It is understood that the motion will not be disposed of until the honourable member from Montarville has been heard. I have made a similar promise to the honourable senator from North York.

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

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

F2, an Act for the relief of Pedro Alfonso Baptista.

G2, an Act for the relief of Louise Isabel Sutherland Chaplin.

H2, an Act for the relief of Clara Violetta Dodge Connolly.

I2, an Act for the relief of Marie Consuela Hill Montabone.

J2, an Act for the relief of Lona Marie Vaughan Burnett Gravina.

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

THE SENATE

Wednesday, May 13, 1936.

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

Prayers and routine proceedings.

SUPREME COURT OF CANADA

ABOLITION OF APPEALS FROM UNANIMOUS JUDGMENTS—MOTION POSTPONED

On the notice by Hon. Mr. Casgrain:

That he will move the following resolution:

That in the opinion of the Senate, a judgment of the Supreme Court of the Dominion of Canada, when unanimous, should be final except in constitutional cases.

Hon. J. P. B. CASGRAIN: Honourable members, the honourable senator from North York (Hon. Sir Allen Aylesworth) has asked me as a special favour not to make this motion in his absence, as he intends to speak on it. I believe he intends to speak against

the motion, but that does not concern me. I move that the order be discharged and placed on the Order Paper for Thursday next.

The motion was agreed to.

FREE FOREIGN TRADE ZONES BILL

SECOND READING

The Senate resumed from May 7 the adjourned debate on the motion for second reading of Bill E2, an Act to enable the establishment, operation and maintenance of free foreign trade zones by provinces and municipalities or by public agencies of either thereof.

Hon. Mr. CASGRAIN: Honourable senators, I rise with a great deal of diffidence after the admirable speech that was made by the seconder of my motion (Hon. Mr. Rainville). I readily admit that he has a great advantage over me in years, at least. As we all know, the Good Book says:

Dies annorum nostrorum in ipsis, septuaginta anni. Si autem in potentatibus octoginta anni; et amplius eorum, labor et dolor.

Which in English means:

The days of our years are threescore years and ten; and if by reason of strength they be fourscore years, yet is their strength labour and sorrow.

I will admit at once that it was labour for me to try to prepare a speech on this subject, when the only tools I had were arguments presented seventeen years ago. A great advance has been made in free foreign trade zones in the interval.

The seconder of the motion is a lawyer, and an able one. Besides, he was Chairman of the Montreal Harbour Commission and as such he could devote—in fact, he was paid to devote—considerable time to a study of the question of free ports, and he did so. He has given more hours to studying the question than anyone else whom I know, and has lectured about it at numerous times in the last twenty years. Also, he has an exhaustive file of documents on the subject, perhaps more exhaustive than is possessed by anyone else in the Senate or the other House.

In dealing with the matter to-day I crave the indulgence of the House. Any honourable member who has conversed with people about free ports, or ports francs, as they are called in French, must have been surprised at the extremely limited knowledge the public have of this subject. In Montreal I was talking to one of the brightest Canadians, a man who is a director of one of the biggest banks and president of a very large company. I tried to tell him about free ports, but he would not listen to me. He said: "Oh, no. They are no good at all. We have bonded warehouses." He had no conception of free ports and would not look into the subject. I asked him to read about them, at least, but he said, "No, I won't read about them." Well, you cannot teach people who will not go to school.

Hon. Mr. BALLANTYNE: And he is president of a bank!

Right Hon. Mr. MEIGHEN: The obstinacy of St. James street!

Hon. Mr. CASGRAIN: One place that is always referred to by every person dealing with this subject is the port of Hamburg, which is the world's greatest example of what a free zone can do. There are some people—British people, if you please—who say, "It is strange there is no free port in the British Empire." Why, every port in Great Britain was a free port when that country had free trade. But now it has gone in for protection—and I think it is perfectly right. When I was in England at the time of the late King's coronation a number of us were visiting a wonderful works at a certain place, and we were shown a most powerful crane, which could lift an incredible number of tons. We were surprised to see stamped on it, "Made in Germany." In England at that time there were plenty of idle people who could have built a crane like that. However, at last the people of Great Britain have had enough sense to see it is necessary to protect themselves, as everybody else is doing.

There is a very interesting story about Hamburg. It is an extremely old city, and I hope that my honourable leader (Hon. Mr. Dandurand), who has visited the place, will have something to say about it, even if he does not agree with my motion. The city existed in the Middle Ages, and perhaps before them. It was one of the cities in the Hanseatic League. I may say here to those who do not know it that "Hanse" means "union." The League was formed in the year 1200, and from then until 1400 as many as eighty-five cities became members of it. They joined together to protect their common interests. In those days the mariner's compass, which the Chinese had used thousands of years before Christ, was unknown, and the lack of this instrument and the constant danger from piratical attacks made it vitally necessary that shipowners should always be ready to help one another in time of trouble. The majority of these independent communities were ruled by a bishop or archbishop, for this was before the Reformation, when there was only one church in Europe, the Church of Rome. From 1669 onward the League

began to weaken and ultimately it was dissolved.

I may say that the hansa of Cologne was one of the most important members of the League, and its regulations were adopted by many of the other member-cities.

In 1871, after the Franco-Prussian war, the German Empire was formed. The German Government tried for eleven years to persuade Hamburg to become part of Germany. An independent republic was a great impediment and inconvenience to the German Empire, for much of its trade passed through the port. For eleven years the German Government failed to induce Hamburg to surrender its independence. Not until 1882, when the German Government offered 40,000,000 marks, did the little republic consent to become part of the German Empire. That money was used to develop what is now one of the greatest ports in the world.

My honourable friend from Repentigny (Hon. Mr. Rainville), who kindly seconded my motion for second reading of this Bill, stated that there were 150 manufacturing and other establishments in Hamburg, employing 25,000 workmen. That seems to me a small number, for the Dominion Steel and Coal Company alone gives work to 14,000 men at Sydney and other places. When that company enjoyed the benefit of the Fielding bounties—which, as the late Mr. Fielding conclusively demonstrated in another place, never cost the country a penny—it employed 23,000 men.

An honourable gentleman has just handed me an article written in 1932, in which the writer states that Great Britain intended to create several free ports in an effort to retain its re-export trade.

Copenhagen is a famous seaport. To my knowledge it has for thirty years been operated as a free port, and has developed an immense foreign trade with the Baltic and with Norway, Sweden and Holland.

Spain is usually regarded as a backward country, but it has free ports. Barcelona became one in 1916, and Bilbao and Santander were established as free ports in 1918. Near Bilbao are wonderful iron mines, the ore containing 62 or 63 per cent of iron. A steamer leaves the port of Bilbao every half hour throughout the twenty-four hours with iron ore for England. There are also free ports at Vigo and Coruña.

Sweden established a free port at Stockholm in 1919. Gothenburg and Malmo are also free ports. France has La Havre and Marseilles; Norway has Christiania, Bergen, Christiansand and Trondhjem; Portugal has Lisbon.

A curious fact has been called to my attention. Switzerland is about to establish a free zone, a port of entrepôt, where the goods of Italy and France may be exhibited and perhaps sold to Austria and Germany, and Austrian and German goods exhibited and sold to Italy and France. It will be seen that it is not necessary for a place to be a seaport in order to operate as a free zone.

There is no reason in the world why goods cannot be brought into any free zone in Switzerland and there broken up into smaller lots and sold. Contrary to what my big financial friend in Montreal said to me, you cannot break bulk and dispose of goods in a bonded warehouse. You have also the further advantage in a free zone of being able to show your goods to prospective buyers and either to sell them for cash or exchange them for other goods.

Hong Kong and Singapore are both free ports. They serve the commerce of Asia, and, as honourable senators know, on that continent live half the population of the world. A vessel arriving at Hong Kong may unload 1,000 or 1,500 tons of freight for a smaller steamer to pick up and carry to destination, for it would not pay the larger vessel to peddle this comparatively small tonnage, but, the port of destination of the transhipped tonnage being on the regular route of the other ship, the business is so much found money for it. On the other hand, the larger ship may be able to pick up at Hong Kong additional tonnage destined for the port to which she is taking her main cargo. So the transaction suits both parties. Similar business can be done at Singapore.

There is also a free port at Gibraltar, but, of course, it is free in the sense that England is still virtually a free trade country.

Generally, it may be said that the establishment of a free port would stimulate manufacturing industry and thus provide more employment for our skilled workers. It would also give work to the men needed for the handling of goods passing in and out of such free port. Conceivably a Canadian manufacturer could import all his raw materials and export his manufactured product, to the great benefit of Canadian labour.

I would remind honourable members that the establishment of free ports in this country would not involve a cent of expense to our taxpayers. The proposed legislation is permissive, not mandatory. It would be left to private enterprise to furnish the capital

necessary for the building of a free port. Naturally those engaged in the enterprise would request the Federal Government or the government of a province or a municipality to give them a fair chance to make a profit on their investment. If there is a loss they, and not the taxpayers, will have to bear it. I am sorry to say that Government operation in this country has not proved a success. A striking instance of this is the control of radio by a commission. Formerly we paid only $1 a year for a radio licence, and the various broadcasting stations were operated at a profit by their owners. To-day we have to pay a licence fee of $2 a year, and the revenue has not been sufficient to cover the cost of Government operation, but has had to be supplemented by a grant from the treasury —an additional burden on our taxpayers.

A few years ago a certain Government decided to give public ownership and operation of our railroads a trial. What further trial was needed? For fifty-five years the Intercolonial Railway was operated by the Government. Did it ever pay a cent on its bonds? We are still giving public ownership and operation of our railroads a trial.

Hon. Mr. DANDURAND: My honourable friend had better confine his remarks to free ports.

Hon. Mr. CASGRAIN: Yes; but I cannot resist the temptation. The Maritime Provinces, having suffered that affliction for more than half a century, were left behind by Quebec and Ontario, and even by the Western Provinces. I remember when Nova Scotia sent twenty-two members to the House of Commons; now its representation is cut down to twelve. Similarly with New Brunswick; its former membership of twenty has been reduced to ten.

As I have said, this proposed legislation is permissive, not mandatory, and, I repeat, it would not cost the taxpayers a cent. It is not always easy to find men ready to risk their money, but I am confident that private enterprise would engage in this undertaking.

Now let me direct the attention of honourable members to some of the advantages of free ports. The first advantage is that of transhipment. I am told that when boats of the Canada Steamship Lines come down from Fort William with grain they stop at Detroit, the greatest automobile manufacturing city in the world, and automobiles are loaded on their decks. There is not much risk of stormy weather except on Lake Erie, and that is a comparatively short portion of the route to Montreal. At Montreal the automobiles are transhipped to ocean steamers for transit to Europe. This all-water transportation from Detroit cuts down freight charges, an important economy, for competition in the automobile field is so keen that a difference in price of a few dollars may adversely affect sales. A free zone in Montreal would be a clearing-house for the distribution of automobiles to all the countries of the world. I have ascertained at Montreal that ships leave that port for the seven seas. It would be found money to them to take a few automobiles or trucks to the ports where they are to be sold. A profit would also accrue to the free zone in the form of storage charges. My remarks would apply also to commodities from Chicago or from any other points in the United States.

Another great advantage of a free port over a bonded warehouse is that you can break bulk and then grade or blend your goods and invite the public to come and inspect them with a view to purchase.

A further advantage would result from the development of our manufacturing industry. Various materials and parts could be assembled and manufactured by Canadian labour.

A fourth advantage is that goods could be consigned to a free port and stored until sold, without payment of customs duties.

The New York Times is very much in favour of establishing a free port on Staten Island.

These free zones would not be limited to the seaboard; they could be set up anywhere in Canada, and would add greatly to our foreign commerce. The establishment of factories within these zones would be a boon to trade and commerce.

I forgot a few moments ago to say that Genoa became a free port in 1927.

Hon. Mr. DANDURAND: It was before that.

Hon. Mr. CASGRAIN: The information I have shows that it was in 1927. In Hungary there are free ports at Budapest and Espel; in Austria at Trieste and Fiume—I think Fiume is now in Italy.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. CASGRAIN: At all events it is on the Adriatic.

Not a dollar of Government money would be asked for. If the Bill is allowed to go to committee I shall leave it to the committee to insert a clause forbidding the company from accepting any subsidy or any Federal Government moneys. If some clever lawyer could draw a clause which would prohibit the company not only from asking, but from receiving or accepting any public moneys,

I should like to have such a clause inserted. Then, if anything were to happen to prevent the success of the project, only those people who had taken a chance and put their money into it would be the losers. Naturally the investors would expect a reasonable return on their money.

A very large sum would be necessary in order to establish even a very modest zone. Remember, you first have to enclose your zone to make absolutely sure that there shall be no smuggling through it. Then before you commence to erect buildings you must have streets, sewers, water mains and gas mains, as well as a lighting system and an aqueduct. These things cost a great deal of money. Some one may ask where we could get enough people to put up the sum required. Well, as I have said, the Bill is permissive, and if nothing comes of the proposal the country will be no poorer by reason of it. I have strong hopes that we may find people who are willing to invest in such a project. I think even the honourable senator from Alma (Hon. Mr. Ballantyne), who is kind enough to listen to me, would put up some money. He would have faith.

Hon. Mr. BALLANTYNE: No, I would not.

Hon. Mr. CASGRAIN: I am sorry.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. CASGRAIN: That is not the honourable gentleman's last word. Maybe he would like to be one of the biggest stockholders and wants to get his stock cheap.

The regulations would be such that the investors would not be hampered by one probe after another simply because people said they were making too great a profit. It is questionable, in the first place, whether they would make a profit at all, but I say, let us give them a run for their money.

Hon. Mr. CALDER: May I ask the honourable gentleman a question?

Hon. Mr. CASGRAIN: Certainly.

Hon. Mr. CALDER: What would be the source of revenue, and what would be the charges?

Hon. Mr. CASGRAIN: If there were a free zone, naturally the company would have to own the land on which it was situated. It could not have a free zone on property that did not belong to it. It would have to acquire the land.

Hon. Mr. BEAUBIEN: It could be leased.

Hon. Mr. CASGRAIN: Does the honourable gentleman think that any farmer is going to tear down his buildings and lease the land?

Hon. Mr. LYNCH-STAUNTON: Sure. He would lease it for 99 years.

Hon. Mr. CASGRAIN: No. The land would have to be purchased outright. Then parts of the property within the area would be sold to anybody who wanted to erect a building for manufacturing. He would not pay rent for the land, but would own it. He would build his plant and carry on operations there, and would pay a certain amount for the right to do that. The Bill provides that the Minister of National Revenue shall settle the amount of the charges. If the honourable gentleman reads the Bill he will see that it contains every possible safeguard to prevent anybody from taking advantage of the public. If, when the Bill goes to committee, it can be made any stronger in that respect, so much the better.

Hon. Mr. CALDER: The honourable gentleman will pardon me for interrupting again, but I am interested. All we have had so far is a picture of people investing large sums of money in connection with the establishment of a free port. I am interested in knowing how they are going to get a return on their investment. They acquire the property and sell it off, and I can understand how they would make a profit on that. But what other sources of revenue are there?

Hon. Mr. CASGRAIN: There are the storage and other charges.

Hon. Mr. CALDER: Do those who establish free zones put up all the buildings?

Hon. Mr. CASGRAIN: No. Every man puts up his own factory in the free zone. He buys the land and pays a certain rental for the privilege.

Hon. Mr. CALDER: It looks like a big real estate deal.

Hon. Mr. CASGRAIN: That is one part of it.

Hon. Mr. BARNARD: The honourable gentleman speaks of the free port of Hamburg. Is the free zone of the city of Hamburg owned by the city or by a private corporation such as my honourable friend has just outlined?

Hon. Mr. CASGRAIN: I cannot tell the honourable gentleman, but there are honourable members of this House who have been there and probably will be able to answer his question.

Hon. Mr. RAINVILLE: It is a private company. Before the free port was established at Hamburg there had been practically nothing at all constructed in the selected area. It had been occupied by fishermen. Afterwards land, upon which warehouses, factories, and even wharves were erected, was leased to business men of other countries who wanted to bring in goods. To-day the port belongs to the city of Hamburg. The same procedure would have to be followed in Canada or anywhere else. A company would have to buy the land and lease it to foreign companies which wished to establish plants there. The revenue would be derived from the leasing of the areas inside the free port, and from harbour dues, which in free ports are usually about double the dues of ordinary ports.

Hon. Mr. LYNCH-STAUNTON: The port dues?

Hon. Mr. RAINVILLE: Yes, port dues.

Hon. Mr. BALLANTYNE: Will my honourable friend allow me to say that the expression "free ports" should not be used? What the honourable gentleman has in mind is a zone to which goods will be brought, either for storage or for manufacture, and where the customs charges will not be paid until the goods are reshipped.

Hon. Mr. CASGRAIN: When the goods are shipped out of the country there are no duties paid.

Hon. Mr. DANDURAND: But within Canada.

Hon. Mr. BALLANTYNE: When the goods that have come into the free zone are shipped out again the regular customs tariff will have to be paid.

Hon. Mr. CASGRAIN: Oh, no. Goods shipped into Canada would be subject to duty, but if they were taken to Detroit, for instance, the dues would have to be paid there.

Hon. Mr. BALLANTYNE: Under the present system a man can put his goods into a bonded warehouse. But does the honourable gentleman mean to say that if I were to bring raw materials from abroad into a free zone and manufacture a product there, it would be free from customs duties when I shipped it out?

Hon. Mr. RAINVILLE: Yes. That is the essential, if the destination is out of Canada.

Hon. Mr. BALLANTYNE: Then the Government would get no revenue at all.

Right Hon. Mr. GRAHAM: It would give work to Canadians.

Hon. Mr. CASGRAIN: Yes, it would give employment to Canadian labour and cause prosperity such as we had in the time of Sir Wilfrid Laurier.

My seconder has requested me to read a long article which appeared in yesterday's Montreal Herald—there was another article in Le Canada—but I shall read only a few lines:

> Certain local interests, it is true, are doubtful of the success of the "free port" idea on this side of the Atlantic, chiefly on the ground that it would be an experiment.
>
> In this connection it should be pointed out that the Bill is an enabling one. The "free port" would not be another case of public ownership. The Bill does not provide for that, but clears the way for private initiative, financed by private capital, to provide the "free port" zone and operate it.

Just one word more and I am through. Trade is peculiar. For instance, Chicago is, and has been for years, a great market for wool. English merchants buy wool in Chicago, take it to England and manufacture it, and then send back the beautiful English tweeds with which we are all familiar, and sell them in Chicago. Nobody denies that. The whole operation of manufacturing and exporting could be carried on in the free zone without any trouble.

Hon. Mr. LYNCH-STAUNTON: That is done now, is it not? If imported goods are later exported, there is a rebate of duty.

Hon. Mr. RAINVILLE: But when you have a free port you avoid the necessity of getting a drawback. Furthermore, in a free port you are allowed to work on goods brought in, even to change the character of goods, and to assemble machinery and so on; but you cannot do so in a bonded warehouse.

Hon. Mr. CASGRAIN: In conclusion I will enunciate a truism. I make no apology for doing so, because truisms do bear enunciating sometimes in order that we may be reminded of their solid, if self-evident, truths.

Material wealth, in its ultimate analysis, is the transformation of the raw materials of nature into useful commodities, and the transportation of such materials and commodities from where they are produced to where they are wanted. That transformation requires power, plentiful and cheap, and also highways, commodious and economical. Goods can be carried far more cheaply on an ocean than on land. The cost of carrying a ton one thousand miles by sea is no

more than for carrying it one hundred miles by railway. Now Montreal, which is 960 miles inland, is still an ocean port; so it has cheap transportation facilities. And there is plenty of cheap power. Right now there is available at Montreal more than 200,000 horsepower in electric current that is absolutely idle, owing to the repudiation by the Ontario Government of contracts which it had made. I suppose that could be bought as cheaply as any power in the world. Is there any place on earth where one could find a better port, with cheaper transportation facilities and power, than in and around Montreal?

Hon. Mr. GILLIS: What about Hudson Bay?

Hon. Mr. CASGRAIN: It would give me much pleasure to deal with the honourable gentleman's inquiry if that subject were only apropos, for I do love to talk about Hudson Bay. Money would have been saved if instead of the Hudson Bay route having been used Canada had bought up every bushel of grain that has been shipped over it.

Hon. THOMAS CANTLEY: Honourable senators, having had some acquaintance with ports referred to by my honourable friend from Le Lanaudière (Hon. Mr. Casgrain), I should like to make a few remarks on the question that is before us. And perhaps, following the example of my honourable friend from Repentigny (Hon. Mr. Rainville), I may read a good deal of what I have to say.

Probably the oldest free ports where products of foreign countries were exchanged were those of Tyre and Sidon, denounced by the prophet Ezekiel, who foretold the decay and destruction of these cities. Following them as great exchange ports came Venice and Genoa, for many years the modern free ports of the Mediterranean. Europe later saw a considerable number of exchange ports more or less free: Hamburg, Bremen, Danzig, Stockholm, Marseilles and Havre.

Hon. Mr. DANDURAND: Lübeck.

Hon. Mr. CANTLEY: London as a great port has lasted longer than Tyre and Sidon. That is a fact not often realized.

The world's present great seaports perhaps have not as rich a trade as had old-time ports such as Carthage, Bruges, Cadiz and Venice, with their business in ivory, peacocks, gold, myrrh, and other luxuries of the rich.

At present the great bulk of the world transport trade is in coal, ores, metals, fibres and foodstuffs, which provide the raw materials and the energy to drive the furnaces and mills of present-day industry.

Germany has in all nine free ports, ranging in size from Hamburg on the Elbe, with an area about twenty-five hundred acres in extent, to Danzig on the Oder, having an area of only about one acre. When, in 1871, Hamburg and Bremen entered the German Empire they stipulated that they should remain outside the Customs Union. In 1879 Germany enacted a protective tariff to develop her industries and save her threatened agriculture, against which the grain of the American prairies was flowing in. Cheapened production and cheap transportation then made possible the exchange of natural products and goods that had never before moved in quantity from their place of production. It was this change in Germany's economic life that made Hamburg decide to accede to the importunities of Bismarck and enter the Customs Union. Yet so strongly did the belief in transhipment trade persist that the greater part of the port was fenced off and set apart to remain a free port outside the Customs Union, just as the whole city had previously been outside the Union.

Hamburg has no docks, so-called, but has an open tidal basin. Large vessels destined for Hamburg, which is situate eighty-five miles from the North Sea, have to transfer to lighters at Brunshausen, some miles below the harbour. Indeed, the big German liners before the War were forced to dock at Cuxhaven. During the winter months in some years ice forms in the river, and powerful ice-breakers and tugs are provided by the port to assist vessels up and down. The port has 185 miles of railway sidings within the free port area, while the docks are splendidly equipped with locomotive cranes and immense warehouses. They have warehouses exceeding in size any to be found in this country. They are huge buildings of eight and nine stories, every floor having elevator service and being devoted to the storage and reassortment of goods that come in.

One would expect to find a good deal of remanufacturing carried on in this free port, but the curious thing is that such is not the case. It might be thought that if a free port were established in our Maritime Provinces automobile manufacturers, for instance, would bring in there such accessories as they get from the United States, on which they now pay duty, and automobiles would be assembled and shipped out to all parts of the world. I think that could be done. But the experience of Hamburg has been that the amount of manufacturing done within the free zone is comparatively small. That is a curious fact, which up to the present time has not been explained.

Stettin on the Oder, also a free port, has comparatively little commerce, but has large iron and steel plants and shipbuilding yards of some importance.

Up to 1914 both New York and London had greater tonnage entering their ports than had Hamburg. That may be a surprise to some people, but it is a fact. In 1899 Hamburg leased fifty acres of land and water within the free port area to the Vulkan Shipbuilding Company, and spent seven million marks in developing that portion of the free port. Later some sixteen other shipbuilding concerns established themselves in that southwest corner of the port, and shipbuilding is now one of Hamburg's greatest industries.

Hong Kong is often quoted as an example of a free port, but in reality Hong Kong is a free trade port in a free trade British colony. It is not a free port in the sense that Hamburg is.

The growth of the port of Hamburg has paralleled the growth of Germany's foreign trade. That port caught up with London and Liverpool largely because before the War Germany was crowding England in the markets of the world. The population of Hamburg in the twenty-five years before the War rose from 300,000 to 1,300,000, an increase of 400 per cent, while the increase of population in all Germany was only 41 per cent.

I am going to say something now that I am afraid will not please my honourable friends who have sponsored this motion. Owing to climatic conditions, neither Montreal nor Quebec can, in my judgment, ever figure as free trade ports, simply because such ports must have free access to the sea at all seasons of the year. I know of but two ports in Canada, Halifax in Nova Scotia, and Vancouver on the Pacific coast, which are so located as to be reasonably satisfactory for free ports. Bedford Basin, in the upper reaches of Halifax harbour, is nine miles in length, with an area and depth of water capable of accommodating the navies of the world. To this basin, which was utilized during the Great War as a rendezvous of transatlantic shipping, all shipping for the United Kingdom and neutral countries resorted, whence it was escorted across the Atlantic and through the war zones by cruisers specially allotted for the purpose.

Some thirty years ago, or perhaps farther back, I had seen, and had some personal knowledge of, Hamburg, Bremen, Danzig, Stockholm, Genoa, Marseilles, Havre and Venice, as well as the American ports of New York, Baltimore, Philadelphia and Boston. I had sold and shipped hundreds of thousands of tons of iron ore to the ports of Swansea, Glasgow and Middlesbrough. In my judgment the three great maritime ports of the world are Halifax, Sydney in New South Wales, and Rio de Janeiro. These ports have a proud pre-eminence because they are not tidal harbours, as are most of the others referred to, and so can be entered by vessels of any size and draught at all hours of the day and night. They are the only ports that to my knowledge can claim this proud pre-eminence.

Hon. Mr. LYNCH-STAUNTON: Is not Marseilles the same?

Hon. Mr. CANTLEY: I do not think so. You will find that there is some difficulty in getting into Marseilles and some difficulty in getting out of it. It is a rather small, congested port, though of course an important one.

In conclusion, I desire to thank honourable senators for the courteous attention they have given to my remarks.

Hon. J. S. McLENNAN: Honourable senators, I had not intended to participate in this debate and did not procure any facts or figures in preparation for a speech. But the subject of free ports has intrigued me for many years. A good many years ago I made a very careful study of an annual report issued by the American Tariff Board, which not only delves into subjects such as the costs of materials and the proper duties that should be imposed upon all classes of imports, but occasionally distributes publications containing very valuable information upon great questions of trade. I suggest that it would be worth while for anybody really interested in this subject to go through the files of the United States Tariff Board. There he will find a considerable amount of clear and accurate information.

May I express my appreciation to the honourable gentleman opposite for his enlightening references to Sydney and his recital of its advantages as a port. It is a dividing point between traffic on the St. Lawrence and traffic along the Atlantic coast of North America. Ships of any size can enter the harbour to coal. It has been represented on several occasions that if the mails were landed at Sydney and put on board the train for Montreal there would be a saving in time of something like twenty-four hours.

I should like to call the attention of the honourable member from De Lanaudière (Hon. Mr. Casgrain) to the interesting fact that in ancient times there was a free port at Louisburg. After 1713, when Cape Breton was ceded to France, and the mainland and Newfoundland became British territory, France found it necessary to establish a seaport. The question had in previous years been looked

into by one of those able administrators whom for generations the French Government had at its command, and he reported that Louisburg would never truly flourish unless it had free trade with the English colonies of Canada and the West Indies. It was suggested that to enable them to make two voyages to Europe instead of only one, transatlantic ships should come to Louisburg and discharge their cargoes into smaller vessels better fitted for the long and difficult route up the St. Lawrence.

The regulations of those days hampered legitimate trade, though they were ignored by both French and English seamen, because the profits derived from smuggling were a strong inducement to break the law. The condition was somewhat analogous to that which prevailed during prohibition in the United States.

That admirable harbour, open all the year round and ample to accommodate the ships of that day, made little headway until it became an entrepôt where the owners of vessels from the West Indies sold their cargoes and bought other goods. Sometimes they sold their old vessels and bought new ones. Trade with New England was constant and lucrative. The great clipper ships from India and South America called regularly. In short, the port was a meeting-place for traders from all countries, some wishing to sell, others to buy. Louisburg developed steadily until it came to be the third port on the North Atlantic coast, being surpassed only by New York and, I think, Philadelphia.

During those years pamphlets were published and sent to the British Ministry prophesying destruction of all British trade by the more enterprising Frenchmen. Visitors from France were much impressed by Louisburg and predicted a great future for it. Then there came war.

It seems to me that the work of preserving the historical landmarks of Louisburg should be completed, so that it may be possible to obtain a fairly good impression of the layout of this very interesting place. The work has been well done so far, and I am confident that visitors will be pleased with the progress made. I understand the Governor General will open the new museum this summer. I was interested in Louisburg on my first visit, in 1882, and I have loved the place ever since. The work of restoration should be carried on very carefully, for those who visit Louisburg will judge our archeological knowledge by what we have accomplished in this direction. The history of Louisburg is sweet to the memory, and I would protest against invidious distinctions between conqueror and conquered. Let us remember the two great roots from which we spring, and stress the finest qualities of the two races whose people have made Canada what she is to-day. What Wolfe did here or some other commander did there is not essential in reconstructing the past. I hope the Governments of France and of Great Britain will lend us their advice and give us old guns and other trophies of that period. They might, indeed, co-operate in rebuilding the Citadel tower, a once beautiful structure, and so commemorate not only the fortitude but also the patience and perseverence of the people of those days, whatever their language or their race.

Hon. G. H. BARNARD: Honourable members, we are, I think, indebted to the honourable senator who sponsors this Bill (Hon. Mr. Casgrain) for a very interesting discussion.

I must take issue with the honourable gentleman from New Glasgow (Hon. Mr. Cantley). He stated there were only two ports in the Dominion suitable as free ports or free trading zones. For many years past the people of my city have been very strongly of opinion that Victoria is absolutely the logical place for the establishment of such a port on the Pacific coast.

Victoria, situated at the extreme southern end of Vancouver Island, has been developed by the Dominion Government. It is easy of access and open the year round. As a matter of fact it is so easy of access that pilotage dues are negligible.

Many ships passing Victoria go, not to Vancouver and the other mainland ports of British Columbia, but to the ports of Seattle, Tacoma, Everett and other populous centres on Puget Sound. The result is that Victoria is the first and the last port of call for all navigation to and from the North Pacific coast of this continent. That in itself is an important point in the location of a free port.

Victoria has two graving docks, one capable of accommodating any passenger ship on the Pacific coast. The topography is such that to establish an isolated section as a free port would be easy and economical.

There is, I think, an erroneous impression abroad as to what a free port means. Many persons have the idea that if they lived in or adjacent to a free port they would get their goods free of customs duty, and that consequently it would be a cheap place and very desirable residentially. This impression, of course, is all wrong. Goods stored in a free zone could not be taken out for consumption in the adjacent locality until payment of the usual Canadian customs duty.

The advantages of a free port lie in the tremendous increase of shipping, the larger amount of freight and other business, and the establishment of shipbuilding. As far as I can see, manufacturing would be more or less a minor factor. A very important factor would be the greater number of commercial and financial transactions, including banking, exchange, lending of money on warehouse certificates, and so on—operations that naturally bring in their train a considerable volume of business.

As I understand it, in the free zone itself no one would be allowed to reside except possibly such persons as were employed in the works within the zone, and ships' crews.

Personally, I shall be very glad to see this Bill given third reading if it will have the effect of causing the Government to give the matter serious consideration. I do not for a moment anticipate that the Bill will become law this session, but this discussion certainly can do no harm, and I hope it will do some good.

I intend to vote for the second reading.

Hon. C. P. BEAUBIEN: Honourable members, my purpose in rising is to give to the mover of this resolution (Hon. Mr. Casgrain) occasion to answer a few objections that quite naturally arise in the minds of those who have listened with a great deal of interest to his explanation of the Bill. I desire to thank the sponsor for having conceived the usefulness of this discussion, and his seconder (Hon. Mr. Rainville) for having propounded the question.

My first objection—if it be an objection—would be this. I doubt whether there would be any prospect of profit sufficient to induce a group of men to establish a free port. If there is not, we must rely on a municipality, a province, or the Dominion Government to undertake the venture. This would, in part, be an objection to the proposal, for undoubtedly it would be preferable to have an enterprise of this kind controlled and administered by private initiative.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. BEAUBIEN: This is my second objection. The purpose of the Bill is to carve out a free trade area.

Hon. Mr. CASGRAIN: Precisely.

Hon. Mr. BEAUBIEN: I grant that one of the resultant advantages would be to save the trouble and expense of paying customs duties. If you store a cargo of goods in a bonded warehouse you must pay the entire duty, which might amount to $1,000,000. When those goods are taken out of bond for export you get a refund of 99 per cent of the duty, but not one cent of interest on your money.

Hon. Mr. CASGRAIN: And it may have been outstanding three months.

Hon. Mr. BEAUBIEN: That inconvenience and expense would be done away with. You could store your goods in the free trade zone, break bulk there, and then sort or blend them as you might desire. That cannot be done under our present bonded warehouse system.

Now, honourable senators, I put this question: Our country, like all other protected countries, is menaced by foreign industry, and the greater the facility for foreign industry to penetrate into our domestic market the worse it will be for Canada—if you agree that protection is necessary. If you establish a free zone in this country are you not thereby giving a great advantage to the natural competitors of Canadian industry? They can bring in their raw materials by water at low cost, and they can manufacture their products here, and keep them here until they find it advantageous to throw them on the Canadian market.

Hon. Mr. CASGRAIN: Then they have to pay.

Hon. Mr. BEAUBIEN: Of course they have to pay, like everybody else; but they are not subject to any of the disadvantages encountered by those who bring the raw materials to their own country, to be manufactured there, and then send the finished product to Canada at a very much greater expense. That, it seems to me, may be one objection. I do not say it is prohibitive.

Hon. Mr. DANDURAND: On the other hand, the raw material would have to be transformed into the finished product by Canadian labour.

Hon. Mr. BEAUBIEN: That, of course, is an advantage. But if the free zone should become a large manufacturing centre the effect would be felt throughout Canada. I just bring that phase of the matter to the attention of the honourable gentleman, so that he may reply. I should like to be assured that we are not providing in Canada a place which would simply enable foreign industries to compete with our own industries to better advantage. There is no doubt that foreign manufacturers would enjoy an advantage in being able to bring their goods in under favourable conditions as far as freight rates are concerned. They would also have the advantage of being able to manufacture

or assemble their goods in the free zone, and of keeping them there in whatever quantity they chose until such time as it was deemed advantageous to sell.

Hon. Mr. RAINVILLE: But they can do that now.

Hon. Mr. BEAUBIEN: No.

Hon. Mr. RAINVILLE: Yes. They can keep them in bonded warehouses. The present system is subject to the same objection.

Hon. Mr. BEAUBIEN: If my honourable friend is right, his whole project falls to the ground because it is of no advantage.

Hon. Mr. RAINVILLE: No, it does not.

Hon. Mr. BEAUBIEN: I am giving the advantages that would accrue to those who compete with our industry, as well as to Canadians who might wish to extend their trade throughout the world. If it is true that a free zone offers no more advantages than are available under our present customs warehousing system, then the honourable gentleman is right in the objection he now makes, but he is wrong as to the basis of his project.

Hon. Mr. RAINVILLE: But that is not what I said. My honourable friend is making a case by citing the instance of goods which are stored until a favourable opportunity occurs to throw them on the markets of Canada. The same thing can be done under our bonded warehouse system. The only difference is that under that system the goods would have been manufactured in another country by foreign labour, whereas under the free zone system they would be manufactured in Canada by Canadian labour.

Hon. Mr. BEAUBIEN: I am not going to labour the argument. I think the difference is quite evident. To-day foreign manufacturers whose goods penetrate into this country have to pay duty in addition to storage. They are only allowed to withdraw their goods if they want to send them outside of Canada, and then they are allowed only 99 per cent of the duties they have paid, and they receive no interest on the money which they have had to deposit.

If we had a free zone in Montreal, and Henry Ford or General Motors, for instance, intended to flood other countries as well as Canada with their products, they could bring their parts into the free zone and assemble them there, reserving the quota for each country until the time was propitious to unload; and as far as Canada is concerned, by simply paying the duty they could flood the country with their products. To-day conditions are quite different. They have to send their goods into the country in quantity, because in order to sell them it is necessary to give prospective customers a wide range of selection. Then they have to pay duty—an investment on which they receive no interest—and if they want to send their goods to a more favourable market they receive a drawback of only 99 per cent of what they have paid. All this makes the free zone advantageous to our competitors as well as to our own manufacturers. I am putting this objection to my honourable friend in the hope that he will destroy the argument, because it seems to me that in some respects his proposal is a very excellent one.

Hon. RAOUL DANDURAND: Honourable members of the Senate, I must join with my colleagues in congratulating the mover and the seconder of this Bill upon the very interesting addresses they have delivered upon this subject. I confess that I am one of those who know very little, if anything, about the workings of a free port. I had always thought that a free port was under the direct control of the State or a municipality, but I find that I am in error—that in many countries the free ports are owned and controlled by private organizations.

While I do not know anything about the financial set-up of such organizations, their relations with municipalities or governments, the dues they may levy, or the control which may be exercised over them by the State, I suggest that we consent to the second reading of the Bill without binding ourselves to its principle, and that a special committee, selected by the mover and the seconder, be created to study this matter. I am quite sure that neither this Chamber nor the House of Commons would be prepared to approve the creation of free ports without knowing exactly what effect it would have on the whole economy of the country. Considerable information has been obtained from other countries, and I think my honourable friend who sponsors this Bill would be well advised to allow this question to be studied by a special committee. It may be that no result will accrue this session, and that it will be necessary to continue the inquiry next session. Nevertheless I am convinced that what I suggest will result in valuable work being done which will throw light on the whole scheme.

My first contact with a free zone occurred when I visited the port of Hamburg, where I spent almost a whole day in making a tour of inspection. But that was not where I received my first shock. Some years ago when in Italy I was motoring to Florence. As I neared Genoa, where I had been before, more than once, I thought I would go straight along by

the sea instead of ascending the cliff upon which Genoa is built. I told the chauffeur how to proceed, and was very much surprised, when passing by the wharves, to be suddenly stopped by gendarmes, or policemen, and customs officers, and to learn that I was a prisoner in a free zone. I then recalled that as we had entered the gate there had been a noise as if someone had called, though neither my chauffeur nor myself had realized that it concerned ourselves. However, information had evidently been telephoned ahead, and we were stopped. Neither my chauffeur, who was a Montrealer, nor myself could discuss the situation in Italian. All I could say was "Firenze." But when one of the gendarmes jumped in beside my chauffeur and compelled us to back at least three-quarters of a mile, I realized what was meant by a free port.

Right Hon. Mr. MEIGHEN: Namely, one that is not free.

Hon. Mr. DANDURAND: The customs officers wanted to open my trunks and see if I had anything to declare.

All I desire to say is that I believe a special committee might well examine this proposal. My honourable friend (Hon. Mr. Casgrain) has brought the subject before us in the form of a Bill, but I venture to say that we should hesitate to pass the Bill before being thoroughly enlightened as to what effect a free port would have upon our national economy.

Hon. Mr. CASGRAIN: Then, in order to simplify the matter, I would move, seconded by the honourable member from Repentigny (Hon. Mr. Rainville), that the Bill be referred to the Committee on Railways, Telegraphs and Harbours.

Hon. Mr. RAINVILLE: May I say one word more? This Bill is brought in now because New York is organizing a free port, or a free zone, which means the same thing, and is going ahead with it very fast. If we do not do something the United States is going to get the business. I am convinced that if we were prepared we should get a bigger share of the business than the United States. One of my reasons for saying this is that the cost of a free port in Canada would be much lower than the cost of the one in New York harbour; and as soon as our free port was established we should get the benefit of harbour dues and the revenues derived from the leasing of land.

Another word. We are not interested in knowing definitely whether a private company, a municipality or a province will undertake to build a free port, or whether those who go into it are going to make money on their investment. I am sure that before anybody invests any money in a free port he will make a study of the question. Furthermore, this Bill is purely permissive.

Free ports have been the subject of study and agitation in the United States for twenty-five or thirty years. Two or three inquiries have been made, and I have seen one large book containing discussions pro and con. But one fact remains: they have decided to have a free port in the United States. This being so, should we wait a year before thoroughly studying the question? I am afraid that if we do we shall be too late. If the question could be studied immediately by a special committee, composed possibly of members of both Houses of Parliament, and with instructions to report before the end of this session, we should have a chance.

Hon. Mr. BEAUBIEN: May I ask one question?

Hon. Mr. RAINVILLE: Yes.

Hon. Mr. BEAUBIEN: The honourable gentleman says that in the United States this matter has been studied for twenty-five years. Up to the present time have any free zones been created?

Hon. Mr. RAINVILLE: Yes. There is one at Staten Island. Already wharves have been built.

Hon. Mr. BEAUBIEN: When was it created?

Hon. Mr. RAINVILLE: About five weeks ago. It is right in the port of New York, on the south shore of the bay. It has an immense acreage of land, and the wharves have already been transferred by the Government to the company.

Right Hon. Mr. MEIGHEN: Is it privately owned?

Hon. Mr. RAINVILLE: It is a private company, but evidently the Government has furnished the land and wharves.

Hon. Mr. TANNER: Which Government, State or Federal?

Hon. Mr. RAINVILLE: That I cannot tell you.

Hon. Mr. BEAUBIEN: The company is managing the Government's investment?

Hon. Mr. RAINVILLE: The honourable senator from De Lanaudière (Hon. Mr. Casgrain) has said that he wanted to be sure there would be no contribution from the Government. Generally, in countries which have free ports, the governments have contributed 50 per cent of the organization

expenses. In France the Government does that not only in the case of free ports, but for all ports. After all, governments are interested in encouraging shipping.

Again I refer to a feature with respect to which my honourable friend has made a point. Duty is payable at once on any goods coming into a bonded warehouse at Montreal, Vancouver, Halifax, Saint John, Quebec, or anywhere else. If any such goods are shipped out to another country a drawback may be applied for, but it will be perhaps two, three, four or five months before the shipper gets his money back from the Government. That situation is not an agreeable one to business men generally. Contrast that with what would happen in a free port. The goods would be brought into a walled bonded area, and while they remained there no duty would be payable. On any goods taken out of that walled area for delivery elsewhere in Canada the full duty would have to be paid at once; but in the case of anything taken out for shipment to another country not a cent of duty would be charged by Canada, and none at all would have to be paid until the destination was reached.

The difference is, honourable senators, that all goods put into and taken out of a walled area would be handled by Canadian labour. I think that is an important difference at a time like this, when we are trying to solve the problem of unemployment. It is the duty of every government to consider carefully whether any public works it undertakes will create the greatest amount of permanent employment that can be obtained for the money. The building of a public highway from Vancouver to Halifax is a splendid scheme; it will result in a great increase in tourist traffic; but it is not so satisfactory when considered from the point of view of the creation of jobs later on. When we build roads into mining districts we make it easier for people to get to those parts of the country and discover mines, and in that way we are likely to open up a great amount of permanent employment. And that is what we should be doing if we established a free port.

Some people say that the St. Lawrence river cannot be successfully dredged. It can be, and I contend that if it were made as safe with respect to dredging as it is with respect to lighting and to organization, the ports of Montreal, Sorel and Three Rivers would have their business doubled and ten thousand additional families would gain permanent employment.

Hon. Mr. HUGHES: Is this not another scheme or plan for getting away from or minimizing some of the evil effects of high protection?

Hon. Mr. MURDOCK: May I ask the honourable senator a question? The present Government, as I understand, has discontinued the various harbour boards throughout Canada. In effect would this proposal not mean the re-instituting of local autonomy in the operation of the various harbours of Canada?

Hon. Mr. RAINVILLE: No. This has to do with an altogether different business. I intend to present certain views when that Bill about the harbours comes before this House, and my honourable friend may be surprised to learn of the injustice that measure will do to every city which has a port.

Hon. Mr. MURDOCK: May I read section 5 of the present Bill? The marginal heading is "Application for grant." The section provides:

> The Governor in Council may, upon application made in compliance with this Act by any public authority, grant to it, subject to all conditions, restrictions and limitations provided by or under this Act, for such period not exceeding fifty years as he may determine, the privilege of establishing, operating and maintaining, in or adjacent to any frontier port of customs in Canada a free foreign trade zone as described in this Act.

Does that not imply that authorities at Montreal, Three Rivers, Sorel and so on would have local autonomy—

Hon. Mr. CASGRAIN: With regard to their own money.

Hon. Mr. MURDOCK: —would have local autonomy in the operation of the area known as a free port, or of the port facilities?

Hon. Mr. RAINVILLE: That would of course be so, but the autonomy would be limited by regulations made by the Minister. A licence would have to be granted, and at that time the Minister would issue certain regulations.

Right Hon. Mr. MEIGHEN: The control over ports, except with regard to tariffs, would be the same as before.

Hon. Mr. RAINVILLE: Yes.

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

MOTION FOR REFERENCE TO COMMITTEE—DEBATE ADJOURNED

Hon. Mr. CASGRAIN: I move, seconded by the honourable senator from Repentigny (Hon. Mr. Rainville), that the Bill be referred to the Standing Committee on Railways, Telegraphs and Harbours.

Right Hon. Mr. GRAHAM: Honourable members, I rise simply to point out that there is likely to be sent over to us an important Railway Bill which may keep the Railway Committee busy for practically all the remainder of the session. I think it would be in the interest of the present measure to have it referred to a special committee.

Hon. Mr. BALLANTYNE: Hear, hear.

Right Hon. Mr. GRAHAM: This is a special subject and should be referred to a committee composed of members who know something about it. As chairman of the Railway Committee I am not trying to avoid work. I have become accustomed to committees by this time. It strikes me, however, that in the interest of the project it would be better to have a special committee, selected after consultation. I would suggest that the motion be not put until the mover and the seconder discuss with the leaders on both sides and with other honourable members the question whether it would not be wise to have a special committee.

Hon. Mr. CASGRAIN: I do not think we could have a better chairman than the chairman of the Committee on Railways, Telegraphs and Harbours. He is the chairman for me. It would not take very long to consider this Bill. If we have a special committee the measure will probably be given a first-class funeral.

Right Hon. Mr. MEIGHEN: I have no desire to send this Bill to a cemetery, but I agree with the right honourable gentleman from Eganville (Right Hon. Mr. Graham). We are going to have the Railway Bill before us at some time—

Hon. Mr. BALLANTYNE: And the Harbours Bill.

Right Hon. Mr. MEIGHEN: The Railway Bill will necessarily be referred to the Committee on Railways, Telegraphs and Harbours, and it seems to me that if we give it the attention we should, it will occupy us pretty continuously for a considerable period. And we shall have another measure, a bill for consolidating the management of harbours, which will quite properly go to the same committee. If I were the father of the present Bill I too should like to have it referred to a committee of which the right honourable senator from Eganville is chairman, but I should prefer to have it before a committee other than the Railway Committee.

Hon. Mr. CASGRAIN: Could the right honourable senator from Eganville be chairman of a special committee?

Right Hon. Mr. MEIGHEN: He could be a member, if not the chairman. I will move the adjournment of the debate on the motion to commit. It will be possible to-morrow, I think, to name a very good committee to consider this measure. I have one or two names in mind at the moment.

Hon. Mr. DANDURAND: I desire to support the view expressed by my right honourable friend from Eganville (Right Hon. Mr. Graham) and my right honourable friend opposite (Right Hon. Mr. Meighen). I draw the attention of the mover and the seconder of the Bill to the fact that the special committee would be given power to hear evidence from experts—

Right Hon. Mr. MEIGHEN: From boards of trade, for instance.

Hon. Mr. DANDURAND: The committee would have the power to procure all the data which Parliament requires in dealing with this measure. My honourable friends will agree that in both Houses there are probably not altogether ten members who know very much about the subject of free ports. It will be for the sponsors of the Bill to bring forward such expert evidence as will carry weight in Parliament.

Hon. Mr. CASGRAIN: Would a report by a special committee carry as much weight as one from the Railway Committee?

Right Hon. Mr. GRAHAM: Oh, yes.

Hon. Mr. CASGRAIN: Then I have no objection to a special committee. And if my seconder is agreeable I would leave the selection of the committee to the leaders on both sides.

Hon. Mr. RAINVILLE: That is agreeable.

Hon. Mr. CASGRAIN: And I would suggest that the committee be as small as possible.

Right Hon. Mr. MEIGHEN: Seven?

Hon. Mr. RAINVILLE: Yes.

On motion of Right Hon. Mr. Meighen, the debate was adjourned.

SALE OF GOVERNMENT SHIPS

INQUIRY—DISCUSSION CONCLUDED

The Senate resumed from May 6 the adjourned debate on the question proposed by Hon. Mr. Ballantyne:

That he will call the attention of the Senate to the reported sale of certain ships owned or controlled by the Canadian Government Merchant Marine, Limited, and inquire of the Government as to the price paid and the terms of the sale.

Hon. RAOUL DANDURAND: Honourable members of the Senate, the honourable senator from Alma (Hon. Mr. Ballantyne), who is the father of the Canadian Government Merchant Marine, takes strong exception to the recent sale by the Government of the remaining ten vessels of the original fleet of sixty-six. If the honourable gentleman is now opposed to the sale of Canadian Government Merchant Marine ships he is somewhat tardy in his opposition, as sales have been made almost ever since the fleet was constructed and placed in commission.

I have in my hand the third annual report of the Canadian Government Merchant Marine by Mr. D. B. Hanna, President of the Board of Directors. That Board was appointed by the Government in which the honourable senator from Alma held the important portfolio of Marine and Fisheries. The Board's experience covering the first three years of the operation of the fleet led it to make certain definite recommendations, which will be found set out on pages 8 and 9 of the report; and these recommendations, I may say, were reaffirmed by the Thornton Board in the following year.

The first recommendation, at the end of 1921 operations, was that all the small-type vessels, twenty-nine in number, be disposed of and the fleet reduced to thirty-seven ships. At the same time the management recommended that the construction cost of the vessels, approximately $191 per dead-weight ton, should be reduced to $75, the then current construction cost of vessels of similar type in both Canada and Great Britain. That is not my statement, but the statement of a friendly Board of Directors. On the basis of this official report and recommendation a great deal of money might have been saved the Canadian taxpayer if the construction of the Canadian Government Merchant Marine had been deferred only a few years; but of course much more might have been saved if the fleet had never been built, as will be seen by the data presented last week by the honourable senator from Guysborough (Hon. Mr. Duff).

It is of interest to note that the recommended sale of twenty-nine vessels was made in April, 1922, within three months of the completion of the final vessel of the fleet. There was a short delay, but during 1925 eight vessels were disposed of, and by the end of 1926 seventeen had been sold. During 1928 seven were transferred to the West Indies service of the Canadian National Steamships, for use with the "Lady" boats built to implement the West Indies trade agreement of 1925. During 1929 seven vessels were sold, and one more was disposed of in 1930.

At the end of 1931 the Canadian Government Merchant Marine fleet had been reduced to twenty-nine vessels, of which ten were laid up as a measure of economy. By the end of 1933 the fleet had been reduced to twelve, of which three were laid up; and from 1934 until the recent sale the fleet consisted of ten ships, one of which was out of commission. It will thus be seen that the entire history of the fleet has been one prolonged sale. That policy was forced upon successive governments since 1920 by the difficulties of the situation which these governments in turn were obliged to face.

Not the least of these difficulties has been the gradual shrinkage in world trade. In 1921 there was a total of 235 voyages made by the Canadian Government Merchant Marine to all parts of the world, and on those services there was an operating loss of $2,325,905. In 1929 the West Indies business was taken over entirely by the Canadian National (West Indies) Steamships, Limited, $8,608,711 having been spent for five more suitable vessels, known as the "Lady" boats, for that service. With each succeeding year from 1929 to 1934 there was a gradual reduction in services until the voyages came to be confined entirely between Canada and Australia and New Zealand. That was the situation at the end of 1935.

The honourable senator from Alma expresses surprise that a sale of such magnitude should be made by Order in Council. He ought not to be too greatly surprised, for, as will be noted from information printed in Senate Hansard, the late Government between the years 1930 and 1935 disposed by Order in Council of no fewer than twenty-one of these vessels, singly and in groups.

The honourable senator also takes exception to the sale of these ships at what he terms a ridiculously low price, less than $5 a ton dead weight. As to that, it is perhaps sufficient to point out that the sale of the ten vessels, to which exception is taken, brought an average price of $41,992 a ship, or $4.76 a dead-weight ton. A little computation in arithmetic from the printed information already available to honourable senators will show that the twenty-

one vessels disposed of by the late Government for $363,906 brought an average price of $17,328, or $2.52 a dead-weight ton. In the circumstances, the honourable senator from Alma would seem to have very little to complain of when the results of the sales by the late Government and the present Government are contrasted.

The honourable senator stated he had been told by two experienced steamship men that if the present Government had sold the ships on the open market it could have obtained twice the price received from the recent sale.

It was the policy of previous Governments and the Canadian Government Merchant Marine to sell surplus vessels in the open market, but in time that method became a handicap rather than a safeguard. On that point I would quote from a letter of December 30, 1932, signed by Mr. A. H. Allan, General Manager of the Canadian Government Merchant Marine, to Mr. E. E. Fairweather, now Chief Counsel of Canadian National Railways, Montreal. In that letter Mr. Allan pointed out that it had been customary to advertise vessels for sale by public tender, and he went on to say:

> We have in the past received satisfactory tenders on this basis, but since the value of second-hand world tonnage has depreciated, we have been unsuccessful in securing any satisfactory offers by public advertisement. Tenderers recently have qualified their offers by naming numerous restrictions, such as: delivery in foreign country, stipulating that the vessel must be in class, or only agreeing after bottom examination.

In a subsequent paragraph Mr. Allan stated that all offers worthy of consideration were submitted to the Board of Directors of the Canadian Government Merchant Marine. At the time that Board was also the Canadian National Railway Board of Directors, just as when the recent sale was approved the Canadian National Board of Trustees also formed the Canadian Government Merchant Marine Board. The sale now complained of was duly approved by resolution of that board before authority to accept the offer was given by the Governor in Council.

The complete letter from Mr. Allan to Mr. Fairweather was as follows:

> Montreal, Que.,
> December 30, 1932.
>
> E. E. Fairweather, Esq.,
> General Executive Assistant & Counsel,
> Canadian National Railways,
> Montreal, Quebec.
>
> Dear Sir,
>
> Further to our conversation of this morning in regard to the practice adopted by this company in relation to the sale of steamers.
>
> As you no doubt are aware, before any vessels can be disposed of they must be advertised for sale by public tender. Copy of standard form of advertisement is attached hereto. It is customary for the tender to be opened at the office designated in the advertisement and telegraphic advice sent to this office of any offers received, with special conditions attached.
>
> We have in the past received satisfactory tenders on this basis, but since the value of second-hand world tonnage has depreciated, we have been unsuccessful in securing any satisfactory offers by public advertisement. Tenderers recently have qualified their offers by naming numerous restrictions, such as: delivery in foreign country, stipulating that the vessel must be in class, or only agreeing after bottom examination.
>
> It has been our practice when this type of tender has been received to refuse to consider, solely for the reason that the expenses involved in operations of this nature are not warranted. When consideration is given to the price that is being offered for second-hand vessels to-day, and we are only selling vessels on the basis "as is, where is," subject to examination afloat, public advertisement invariably brings into the picture a number of brokers who on behalf of their clients make offers by private sale. These are duly considered by the management and provided we can get a price which we figure approximates the market value for similar vessels in Great Britain on the conditions that the vessel is delivered in Canada and the Canadian flag is substituted with a flag of the country under which it is to be registered, these offers are submitted to the Board of Directors. If approved by them and in turn by Ottawa, an Order in Council is passed, or approval for the price is secured from the Minister of Railways.
>
> We have not deviated from the foregoing practice for the last three years, and as I have already stated, in view of the general depressed conditions we feel it is the only satisfactory basis on which the present surplus tonnage can be disposed of.
>
> Yours very truly,
> A.H.A.
> General Manager.

(Papers in which advertisements are made: Halifax Herald, Vancouver Sun, Montreal Star, Montreal La Presse.)

The honourable senator from Alma claimed on reliable authority that had the vessels been scrapped, double the present price could have been secured. In that connection, I am advised that the salvage officer of the Dominion Government at Ottawa states that on a scrap basis these vessels would have brought approximately $10,000 each, which is about one-quarter of the price secured under the present arrangement. Some of the vessels previously disposed of were sold for scrap or dismantling purposes, and the prices secured were nearer $1 per dead-weight ton than the figure of $10 which the honourable senator evidently had in mind.

The vessels now being sold were built in 1919, 1920 and 1921, and are handicapped by having a speed of only 8½ to 10½ knots, with heavy consumption of fuel and lack of refrigeration. They are compelled to com-

pete with modern ships of greater speed, lower operating costs, and in all respects better adapted to the trade. This being the case, the Government was faced with the necessity of providing at least six new and modern vessels, and this consideration had great weight with it in its decision to dispose of the remaining vessels of the fleet and at the same time arrange for a continuation of the services on an improved basis.

It is the intention of the purchasers to incorporate a new Canadian company. My information is that the vessels now being sold are intended to be scrapped, but that, as provided by paragraph 9 of the agreement, it is the intention of the purchasers "in the first instance" to operate in this trade any or all of the ships purchased, and that "so long as any or all of these ships are being operated, then the ship or ships shall be manned by personnel available from those already in service."

If the vessels are to be operated for the entire five-year term, as claimed by the honourable senator from Alma, although the agreement does not so state, then the employment assurance would cover the five-year period, and not the two-year period concerning which he complained, and which, as a matter of fact, may be regarded as the minimum undertaking with respect to both shore staff and crews. These arrangements are appreciated by those protected and are at least evidence that the Government has made reasonable effort to provide for the human element in the transaction. The records do not disclose that in any previous sale similar provision was made in the case of vessels disposed of for service elsewhere.

To sum up, it will be apparent that the sale of these ships is but the carrying to its logical conclusion of the accepted policy of every Canadian Government during the last fifteen years. There has been no change in that policy except for the better. All sales have been by Order in Council, and all have been approved by the directors of the Canadian Government Merchant Marine. The present sale differs from previous sales in that provision is made for the carrying on of the trade involved, and for the protection of the employees concerned. Therefore, when the honourable senator from Alma speaks of loss of trade and loss of employment he does not speak by the book.

The Select Standing Committee on Railways and Shipping owned, operated and controlled by the Government, a committee appointed during the term of the late Administration, reported in 1931:

Hon. Mr. DANDURAND.

Your committee believe that the time has come when the Government should carefully consider the abandonment of the Canadian Government Merchant Marine, and the making of arrangements with other shipping companies so that the external trade of Canada will not be jeopardized.

In the following year, 1932, the committee reaffirmed its stand in the following recommendation:

Your committee reiterate their view and believe that the time has come when the Government should, if possible, abandon the policy of operating a Government Merchant Marine, and if possible arrange for the sale or lease of the fleet, and where practicable and not contrary to Imperial or inter-Imperial relations, make arrangements with other shipping companies so that the trade of Canada may be protected.

Honourable senators will note that what has been done is thus in entire accord with the two recommendations to the late Government. The cost of Canada's incursion into the field of merchantile marine has been fully set forth in official statements recently made available in the course of this debate. From these statements it will be seen that the capital loss has been 79 millions. The operating loss has been 11 millions—and would have been 31 millions greater if depreciation had been made a charge on operation instead of a mere book entry. Failure to provide for depreciation has meant that the entire loss has had to be absorbed on the sale. There is an additional loss of 50 millions in interest accrued and unpaid. Against these losses may be offset four millions from the self-insurance fund, and a million of interest paid when the fleet was in its infancy, and before it grew too large to stand the burden. In addition, there is the $2,438,000 received from sale of ships, and the value, less than a million, of the vessels transferred to the Canadian National West Indies services. A salvage of roughly 7½ millions from a loss of 140 millions, not including depreciation: a final dividend of a little more than five per cent.

In the circumstances, it is submitted that in writing "finis" to such an entirely unsatisfactory chapter of public endeavour the Government deserves from this Chamber, with respect to the disposal of these vessels, a measure of commendation rather than the censure which has been directed against it by the honourable senator from Alma.

My honourable friend had to face execrable economic conditions. No one will question his sincerity and good faith, but, alas! fate was against him.

Hon. Mr. GRAHAM: Faith without works is dead.

Hon. C. C. BALLANTYNE: Honourable senators, last week my right honourable leader (Right Hon. Mr. Meighen) said with reference to the bad draftsmanship of a certain Bill that the draftsman should have been given the Victoria Cross. I would suggest that the Victoria Cross be conferred on the gentleman who drafted the answer which the honourable leader of the Government (Hon. Mr. Dandurand) has just read. It does not contain a word in regard to the issue I placed before the House. One would think from listening to the historical sketch that the ships sold were all of the same type. We had ships of 3,750 tons—canal size. We had other ships, those I spoke of the other day, of 10,500 tons dead weight.

Hon. Mr. DANDURAND: I am adding to my statement these particulars of the vessels sold between 1931 and 1935, with their different tonnages:

Canadian Government Merchant Marine

Vessels sold 1931-1935, inclusive

Name:	Tonnage	Original cost	Sales price	Year
Beaver	3,973	$ 858,359	$ 5,000	1932
Carrier	4,620	1,031,915	10,000	1933
Commander	8,439	1,516,407	24,783	1932
Explorer	8,341	1,648,502	20,062	1932
Farmer	3,964	755,528	10,000	1932
Importer	8,381	1,671,502	18,796	1933
Inventor	8,350	1,676,622	18,228	1933
Mariner	8,340	1,648,116	18,228	1933
Miller	8,390	1,594,782	17,914	1932
Otter	4,555	1,035,422	10,000	1933
Pioneer	8,408	1,527,364	10,000	1934
Prospector	8,367	1,677,910	35,000	1933
Ranger	8,382	1,580,995	21,243	1932
Runner	4,573	1,021,973	10,000	1933
Seigneur	8,391	1,595,181	19,710	1933
Spinner	8,393	1,601,074	14,820	1933
Squatter	4,554	1,014,429	3,000	1933
Traveller	8,439	1,772,260	21,479	1932
Volunteer	4,496	983,223	6,900	1933
Voyageur	4,575	953,934	47,500	1931
Winner	8,407	1,686,443	21,243	1933
	144,338	$28,851,941	$363,906	

Average per vessel, $17,328.
Per dead-weight ton, $2.52.

Hon. Mr. BALLANTYNE: Let the past take care of the past. The building of the ships was undertaken as a war measure, and whether the policy was right or wrong—and I do think it was right—it received unanimous consent in Parliament throughout the sessions of 1917, 1918, 1919 and 1920, and also the unanimous approval of the Government of the day.

In this memorandum I have received no answer to the questions I put to the honourable leader of the Government. I do not object to the selling of the ships, but I do object to the Government selling ships of that type at such a very low price. Two of those ships were the largest of the ships that we built. They were of 10,500 tons dead-weight carrying capacity, with three decks; yet they were sold at a little over $4 a ton.

The memorandum states that the speed of the ships was 8½ knots. Either the writer of the memorandum purposely intended to mislead the honourable leader of the House or he was totally ignorant of the details of the fleet. I said the other day that the official records in the Department of Marine show that the sea speed of the two large vessels is 13 knots an hour, and of the other vessels 11½ knots.

Hon. Mr. DANDURAND: The figures here are from 8½ to 10½ knots.

Hon. Mr. BALLANTYNE: I do not care what the figures there are. I say the man who drew the memorandum for my honourable friend should have gone to the official files of the Department of Marine. Then he would have found that before the department took the vessels over, the large ones on their trial runs showed a sea speed of 13 knots, and the others a speed of 11½ knots.

I wanted from the Government an answer to the following points. The Canadian National Railways had operated those ships for sixteen years, six being depression years, and they had worked up a good and profitable

business, the ships being loaded to capacity on their voyages between Australia and Canada. According to the report submitted to the Minister by the trustees, they made an operating profit last year of $311,000, and for the first three months of this year $200,000. I ask honourable members, do you think any group of wise business men would sell those ships at $4 a ton? You could not find a business man in Canada who would do so. I say the Government sold the ships at far too cheap a rate. What may have been done years ago, when trade was not as good as it is to-day, and ships of a different type were sold, has nothing to do with the present question. These were the best, the largest and the speediest ships of the whole fleet of some sixty-three vessels.

My second point was that the notice sent out to the Press conveyed to the public the impression that these were ten obsolete, slow ships which it would be futile and foolish for the Government to operate, and the Government would have had to spend five or six million dollars to buy new ships. The honourable leader of the Government will not deny that that information was given to the Press of Canada.

Hon. Mr. DANDURAND: It is repeated in this statement.

Hon. Mr. BALLANTYNE: What do we find? This shrewd group of shipping men, by the agreement which the honourable leader of the House laid on the Table last week, undertake that these so-called obsolete ships shall be operated by the new company for a period of five years. I direct the attention of honourable members to this significant fact, that these ships, which we are told were not good enough for the Government to operate, are apparently quite good enough for those shrewd buyers to operate for a period of five years.

I also pointed out to honourable senators that these ships would pay for themselves twice in the first year of operation. The memorandum does not refer to this.

I also directed attention to the fact that the notice sent out to the Press, and reiterated in this stupid statement prepared for the leader of the Government, stated that the new company would employ the same men in so far as the same ships were to be utilized. What does the agreement state? That the company will take on the employees that it can "reasonably" employ. That means nothing. I so stated the other day. I have had no answer to that point.

My next point was that in the agreement the new company undertook to buy the supplies for these ships in Canada as long as it could "reasonably" do so. I repeat, that means nothing.

My further charge was that there was nothing in the agreement about repairs to the ships, notwithstanding that we have splendid shipyards and drydocks in Canada.

With so much unemployment to-day, would it not have been businesslike and fair for the Department of Marine to have had the agreement read that as long as those ships were used on the same route the same people would be employed, beyond the shadow of a doubt? It should not have left anything open. Let me reiterate that the words "reasonably employ" mean nothing. The same is true of the word "reasonably" with reference to the purchase of supplies. And there is nothing about repairs to the ships, and not a word about new ships. The man who drafted that memorandum thought that, by way of excuse, he would go into history; so he went back to the time when the ships were built. He expresses some sympathy for me, which I do not need, and do not require of him, and then he says this ship was sold for so much and that ship was sold at such and such a price.

I have a great admiration for the leader of this House, and once more I would ask him to be good enough to answer categorically the charges I have made against the sale. I have no objection to the Government selling these ships, but I say it was absolutely wrong and unbusinesslike for it to sell them at the low prices they brought.

Furthermore, I charge the Government with issuing, though not intentionally, information that is absolutely misleading to the people of Canada. The people of Canada thought these ships were fit only for the scrap heap, and that the Government was faced with the necessity of abandoning them and spending five or six million dollars to buy new ones. I say that information was wrong. Also, the publicity led the crews to believe that they were going to be kept on, but there is nothing in the agreement to sustain that belief.

Hon. Mr. DANDURAND: And there is nothing which would sustain my honourable friend in saying that they will not be kept on.

Hon. Mr. BALLANTYNE: Under the agreement the new company, when organized, is not committeed to employ a single man,

because the word "reasonably" qualifies the agreement as to the engaging of these men and the buying of supplies. The long history of what we have done or what the trustees have recommended, let me say once more, dodges the whole issue.

The speeds of these ships are as I have indicated them to be, not as stated in the memorandum read. Before I resume my seat allow me once more to place my objections categorically before the House. First, I say that $4 a ton is a ridiculous price; second, I say the agreement does not take care of the men at all; in the third place, it does not take care of the supplies; in the fourth place there is not a word about repairs to the ships, and in the fifth place there is not a line to indicate that this company is going to put new ships on the route. I compliment the buyers and sympathize with the Government.

Hon. Mr. DANDURAND: Undoubtedly the new company, or the purchasers, may utilize these ships; but I may say that they will utilize them while they are building new ships.

Hon. Mr. BALLANTYNE: There is nothing of that in the agreement.

Hon. Mr. DANDURAND: They may use these ships. They have become their own ships, and they will be used by them while they are preparing to transform their organization.

Hon. Mr. BALLANTYNE: Why does the agreement not so state?

Hon. Mr. DANDURAND: I have the statement that these ships will be replaced, and that if the Government had retained them they would have had to be replaced by new ships which would have been built at a cost of five or six million dollars. How long they will be utilized I do not know. As to personnel, I say that under the word "reasonable" they are bound to take those employees unless they show cause why they should not take them. I believe that what was important under the circumstances was the continuation of the service. Now the service is to be continued. I am quite sure we shall gradually get a better service and shall not be subject to the risks of operation that have been carried since 1920. We have acted under recommendations from the National Board—the Merchant Marine department—which has been urging the late Government and the present one to proceed along these lines.

Right Hon. Mr. MEIGHEN: When the honourable gentleman says—he did not say it before—that the Government was acting on the recommendation of the National Board, he means the Board of Trustees?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Will the honourable gentleman say the Board of Trustees recommended this action?

Hon. Mr. DANDURAND: Recommended the sale and disposal.

Right Hon. Mr. MEIGHEN: No, they did not. That is not what took place at all. The approval is there; but the ships belonged to the Government, and the Government made the sale and called upon the Board of Trustees to approve of it. The Board did not recommend it at all.

Hon. Mr. DANDURAND: I thank my honourable friend for correcting me. The Select Standing Committee on Railways and Shipping appointed by the late Government reported in 1931—

Right Hon. Mr. MEIGHEN: That is not the point at all. We are talking about this sale, not the general policy of selling. I want to point out to the honourable gentleman, so he will not make the same mistake again, that he said to this House that the Board of Trustees recommended this sale.

Hon. Mr. DANDURAND: They approved.

Right Hon. Mr. MEIGHEN: After the thing was done; because they were called upon to approve.

Hon. Mr. DANDURAND: My honourable friend speaks as if their approval had been dictated.

Right Hon. Mr. MEIGHEN: Practically dictated.

Hon. Mr. DANDURAND: Perhaps, if it was done by someone exercising tyrannical powers over them. But that is an assertion; it is a surmise.

Right Hon. Mr. MEIGHEN: No. I have spoken to only one of the trustees—not the Chairman—and that is the information I got.

Hon. Mr. DANDURAND: Then I should suspect it was the one who practically refused to sit with the Chairman for a number of years past; and that would explain why the whole organization has broken down.

Right Hon. Mr. MEIGHEN: It has not broken down.

Hon. Mr. BALLANTYNE: Another trustee repeated the same information to me.

Hon. Mr. DANDURAND: If they would put their signatures to an approval which they would renounce a few days afterwards, that would establish their absolute unfitness for the position they occupy.

Right Hon. Mr. MEIGHEN: Property committed to them would be a different matter. Those ships were not Canadian National property; they belonged directly to the Government of Canada. The owners, and not those people at all, were the ones to decide on the sale. Consequently the approval does not mean anything.

Hon. Mr. DANDURAND: The Merchant Marine is under the direction of these men.

Right Hon. Mr. MEIGHEN: It is owned by the Government of Canada, and always has been; therefore the responsibility of sale is the Government's responsibility and cannot be shifted. What I dispute is that in this case there was an initial recommendation of the sale. There was a request to approve after the sale was made.

Hon. Mr. DANDURAND: There was a submission of the offer, and I do not see much difference.

Right Hon. Mr. MEIGHEN: The responsibility cannot be put on trustees. The Government cannot hide behind the skirts of the trustees in respect of a property of the Government itself.

Hon. Mr. DANDURAND: Undoubtedly the Government cannot shift the responsibility, but—

Right Hon. Mr. GRAHAM: I suppose this might really be a proof that the Bill presented by Hon. Mr. Howe was not so much astray after all—

Right Hon. Mr. MEIGHEN: We shall come to that later.

Right Hon. Mr. GRAHAM: I am only interjecting the thought while it is in my mind—and that the Government, which is responsible for its own property, ought to have the say with respect to it, rather than a Board of Trustees.

Hon. Mr. HORNER: Having had two years' experience as a director of the Canadian National Railways, I object to part of the reply read by the leader of the Government as being scarcely correct. It mentioned that in former years crews were not taken care of. I may say that during the time of my experience the ships sold were laid up and not in operation. During my time the boats kept in operation were by far the largest and best boats, and they were performing a useful service. The smaller boats were out of date and had no crews. I surmise that the good showing of the remaining boats during the past year or two is partly due to the fact that it was not necessary to carry a number of boats that were not in operation.

Hon. Mr. DANDURAND: Next order!

Right Hon. Mr. MEIGHEN: The debate is not concluded, is it?

Hon. Mr. DANDURAND: There is nothing before the Chair.

Right Hon. Mr. MEIGHEN: We should have decided that at the beginning, instead of after several honourable senators have spoken.

Hon. Mr. DANDURAND: I should have drawn my honourable friend's attention to the fact that an honourable senator who puts an inquiry preceded by the words "that he will call the attention of the Senate" has no right of reply. The debate is over when the Minister gives his answer. But I thought my honourable friend had a few words to say, and I did not like to draw his attention to the fact that he was out of order.

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

THE SENATE

Thursday, May 14, 1936.

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

DISCHARGE OF UNEMPLOYED FROM CONCENTRATION CAMPS

ANSWER TO INQUIRY

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, before the Orders of the Day are called I desire to answer the inquiry made last week by my right honourable friend opposite (Right Hon. Mr. Meighen) concerning the Government's policy towards the unemployed men who may still be in the relief camps on the first of July, and the men formerly in those camps who will have been employed by the railways over a period of three months. I now have a letter from the Minister of Labour, reading as follows:

Ottawa, May 14, 1936.

Dear Senator Dandurand,

With reference to the question asked by the Right Honourable Mr. Meighen in the Senate on May 6 as to what will be the fate of the unemployed men who are left in the relief camps on the first of July, and what will be the fate of those employed on railway work after that work is done, I would state that up to May 1 there had been a voluntary exodus from the camps of 6,100 men. Many of these men went to work on ships, and others returned to the farm and to logging operations. The number remaining in the relief camps on May 1 was 14,276. At that time there were 10,000 jobs in railway maintenance still available for meeting the problem of supplying work to these men. It is expected that as a result of this railway work, together with the normal reduction in camp strength, no great difficulty will be encountered in having the men in the camps suitably placed in employment on July 1 of this year.

It is anticipated that the men in question will work from four to five months, and with a reasonable amount of care should be able to provide for themselves for some time.

The most important factor in the policy is the opportunity offered to men now resident in the camps to work under normal conditions, in many instances for the first time in three years, and it is expected that the present policy will permit many of these men to seek avenues of employment that were impossible while resident in the camps.

Yours sincerely,

Norman McL. Rogers.

Right Hon. Mr. MEIGHEN: I think the honourable leader of the House has not stated my question correctly. I did not ask what would be done with the men in camps after the first of July, because I assumed, and so stated in my question, that the camps were to be entirely broken up on that date and therefore no men would be left in them. What I wanted to know was what provision is being made to take care of the men when the camps are broken up. The reply that has been read is an answer to some degree, in that it states that about 6,000 men have already gone away and there remain approximately 14,000, a number of whom are expected to be in railway work for a space of four to five months. But there is the fact, not referred to in the answer, that a large proportion of those 14,000 are unemployable. Some provision will have to be made for them when the camps are disbanded.

There is a further point. I am afraid it is hardly possible that men who may find work for four or five months will have sufficient to carry them through the winter, even if they all are ideally thrifty, which is not likely. The payments that can reasonably be made to them would not be such as to provide for them during the winter. So, even though the very best possible results be obtained from this railway work, the expenditures on which the Government shares in, will not the situation within one month after the work is finished be exactly as it was before the work was begun?

With respect to the unemployable, it is still a mystery to me what is to be done with them after the first of July.

Hon. Mr. DANDURAND: The only information I have has just been communicated to the House. The letter implies that the men who are set to work under normal conditions will be near sources of employment in various parts of the country, and the inference I draw is that they may be expected to find work for themselves in the future.

I shall bring the comments of my right honourable friend to the attention of the Minister of Labour, who may make a statement with regard to them.

Right Hon. Mr. MEIGHEN: May I call attention to another feature of the letter, which has now been handed to me? The last paragraph says it is expected that the policy of employing these men on railway work will permit many of them to seek avenues of employment that were impossible while the men were resident in camps. I am not aware that there was any particular handicap to their getting employment while they were in camps; nor would this letter show that there was, for it states that some 6,000 have voluntarily left. It can be taken for granted that they did not leave without having work. If the new policy succeeds in enabling 6,000 more to find jobs, I shall be very happy.

Hon. Mr. DANDURAND: My right honourable friend will realize that when men are congregated in a camp there is not a strong incentive to them to seek work, whereas if they are sent back to the communities from which they came they may be absorbed.

Right Hon. Mr. MEIGHEN: Perhaps hundreds are leaving all the time because they get work?

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:

F2, an Act for the relief of Pedro Alfonso Baptista.

G2, an Act for the relief of Louise Isabel Sutherland Chaplin.

H2, an Act for the relief of Clara Violetta Dodge Connolly.

I2, an Act for the relief of Marie Consuela Hill Montabone.

J2, an Act for the relief of Lona Marie Vaughan Burnett Gravina.

FIRST READINGS

Hon. Mr. McMEANS presented the following Bills, which were severally read the first time:

K2, an Act for the relief of Madeleine St. Clair Peacock Milroy.

L2, an Act for the relief of Bella or Bessie Laurie Wozik, otherwise known as Bella or Bessie Laurie Rabinovitch.

M2, an Act for the relief of Agnes Hannah Wright.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK presented the report of the Standing Committee on Banking and Commerce on Bill U, an Act to amend the Canadian and British Insurance Companies Act, 1932, and moved concurrence therein.

He said: Honourable senators, this Bill is not now returned to the Senate in precisely the same form as that in which the committee received it.

The Bill as introduced did not comply with Senate rule 60a, which requires, in effect, that when words are proposed to be added to or taken from statutes it shall be done by way of repeal and substitution of sections, subsections or paragraphs instead of by way of amendment of expressions. This alone, there being a number of such non-observances, would have rendered it necessary to reprint the Bill in committee, so that it might be properly understood in the Senate and in another place. But in addition the Superintendent of Insurance desired that certain corrections be made of erroneous references to the numbers of sections of the Act, and these corrections had to be made.

I should add that the Canadian and British Insurance Companies Act, which Bill U amends, is in a deplorable condition from the standpoint of even an expert counsel, with respect to the numbering of its sections and internal reference to sections by numbers, and it would seem that a consolidation of the Act should be authorized at an early date. Changes of numberings have been frequent and wholesale, with the result that it is now next to impossible to be sure that when an amendment purports to repeal, say, section 61, what really is desired is not the repeal of section 72.

Apart from mere correction of original section numbers or of references to section numbers, the committee made the following amendments to the Bill as introduced:

1. Clause 2 was amended to provide for annual meetings to be held in Canada.

2. Clause 3, for the reasons in the explanatory note, has been added to the Bill as introduced.

3. Clauses 6 and 7 of the original Bill (clauses 7 and 8 of the Reprint) were struck out.

4. Clause 19 of the Bill as reported, for reasons appearing in an explanatory note thereto, has been added to the Bill.

The motion was agreed to.

THIRD READING

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

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

FREE FOREIGN TRADE ZONES BILL

REFERRED TO COMMITTEE

The Senate resumed from yesterday the adjourned debate on the motion that Bill E2, an Act to enable the establishment, operation and maintenance of free foreign trade zones by provinces and municipalities or by public agencies of either thereof, be referred to the Standing Committee on Railways, Telegraphs and Harbours.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I move in amendment:

That this Bill be not referred to the Standing Committee on Railways, Telegraphs and Harbours, but be referred to a special committee to consist of the following senators, namely, Hon. Messrs. Casgrain, Rainville, King, Duff, Beaubien, Sinclair, Barnard, Cantley, Robinson.

Hon. Mr. CASGRAIN: I second the motion.

Hon. Mr. PARENT: Quebec city is a seaport, but apparently the membership of the special committee does not include any representatives from that quarter.

Right Hon. Mr. MEIGHEN: There are two, the honourable senators from De Lanaudière (Hon. Mr. Casgrain) and Montarville (Hon. Mr. Beaubien). Inasmuch as both are ardent advocates, I think they will be heard from in the committee. In fact this time Quebec, numerically, is over-represented.

The amendment of Right Hon. Mr. Meighen was agreed to.

Hon. Mr. MURDOCK: Honourable senators, an honourable member has raised the question of representation on the special committee which has been appointed. I wonder if the House has noticed that although there are to be nine members of the committee, the province of Ontario, with a representation of twenty-one in this House, is not represented on the committee at all. Yet the question to be considered is, I presume, a somewhat important one.

Right Hon. Mr. MEIGHEN: I suppose that is another illustration of the generosity of Ontario. The list of members on the committee was prepared by the leader of the Government and myself very shortly before the House met. I am not certain that it is important that Ontario be represented. If we have any inland provinces they are Ontario, Saskatchewan, and, I suppose, Alberta, and I am quite sure that if Canada is to have a free port it will not be established in Ontario.

Hon. Mr. MURDOCK: Might not Toronto be a free port?

Right Hon. Mr. MEIGHEN: There is never anything free in Toronto.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MURDOCK: If the St. Lawrence waterways project were to go through, Toronto might become a great port. I know of many Torontonians who regard it as a port, and who are looking forward to the time when it may be a larger port.

Hon. Mr. HAIG: I cannot find among the members on the committee anyone representing the only free port in Canada, namely, Churchill.

Right Hon. Mr. GRAHAM: It cannot be any freer.

Hon. Mr. DANDURAND: Possibly the committee might be improved by the addition of one or two names. It was thought at first that seven members would be enough, but it was discovered that the Pacific Coast had been forgotten, and two members from British Columbia were added to the committee. We can revise the list and add to it if necessary, in order to satisfy all demands.

Hon. Mr. CASGRAIN: All members will be welcome at the meetings of the committee.

BRITISH NORTH AMERICA ACT

PROPOSED AMENDMENT

Hon. Mr. DANDURAND: Honourable members of the Senate, I move that when the Senate adjourns to-day it do stand adjourned until Tuesday evening next at 8 o'clock.

We have no important legislation on the Order Paper for next week, but there is now before the House of Commons a resolution asking the British Parliament to amend the Constitution. This resolution, which will be found in the Routine Proceedings and Orders of the Day of the House of Commons, is likely to reach us by Tuesday next, and if it meets with the concurrence of this Chamber it will then be sent to London in the expectation that the Imperial Parliament will pass legislation allowing this Parliament to legislate along the lines suggested in the resolution.

Hon. Mr. McMEANS: Would the honourable gentleman inform the House what necessity there is for amending the Constitution? I have not the resolution before me.

Hon. Mr. DANDURAND: It is to be found in the Routine Proceedings and Orders of the Day of the House of Commons, and reads as follows:

Resolved, that an humble Address be presented to His Most Excellent Majesty the King, in the following words:—

To the King's Most Excellent Majesty:

Most Gracious Sovereign:

We, Your Majesty's most dutiful and loyal subjects, the Commons of Canada in Parliament assembled, humbly approach Your Majesty praying that you may graciously be pleased to give your consent to submitting a measure to the Parliament of the United Kingdom of Great Britain and Northern Ireland to amend the British North America Acts, 1867 to 1930, and the British North America Act, 1907, and that such measure be expressed as follows:—

An Act to amend the provisions of the British North America Acts, 1867 to 1930, relating to taxation and to enable the Government of Canada to guarantee debts of the Provinces of Canada.

Whereas an address has been presented to His Majesty by the Senate and Commons of Canada requesting the enactment of the provisions hereinafter set forth:

Be it therefore enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and the Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1. (1) Section ninety-two of the British North America Act, 1867, is amended by adding thereto as clause 2A the following:—

2A. Indirect taxation within the province in respect of:

(i) retail sales, other than of all alcoholic beverages, spirits, malt, tobacco, cigarettes and cigars which are subject to customs and excise duty or tax in Canada or other than of all goods and articles for delivery without the province;

(ii) the patronage of hotels, restaurants and places of amusement or entertainment;

in order to the raising of a revenue for provincial purposes.

(2) The said clause 2A shall be deemed to have retroactive effect with respect to provincial legislation in force at the passing of this Act.

2. The Parliament of Canada may authorize the Government of Canada to guarantee the payment of the principal, interest and sinking fund of any securities (hereinafter called "guaranteed securities") which any province of Canada may from time to time make or issue, and, subject to the provisions of this Act may prescribe the terms and conditions upon which any guarantee so authorized shall be given, and the provisions of this Act shall, in the event of any such guarantee being given, apply and have full force and effect notwithstanding anything contained in the British North America Acts, 1867 to 1930, the British North America Act, 1907, the Parliament of Canada Act, 1875, the Canada (Ontario Boundary) Act, 1889, the Canadian Speaker (Appointment of Deputy) Act, 1895, Session 2, or any Acts, orders, rules and regulations passed or made thereunder or pursuant thereto establishing a province or admitting a colony or province into the Union or affecting the constitutional relationship between Canada and a province.

3. The Legislature of any province of Canada may, with reference to the principal, interest and sinking fund of securities which the province may from time to time make or issue, authorize the government of the said province to enter into an arrangement with the Government of Canada whereby the Government of Canada shall guarantee the payment of the principal, interest and sinking fund of such securities.

4. (1) For the purpose of securing Canada against loss resulting from the giving of a guarantee under the authority of this Act, the Government of Canada, whenever in its opinion any default has occurred in respect of any payment on account of principal, interest or sinking fund of the guaranteed securities, may:

(a) withhold any payment to the province on account of any grant payable by the Government of Canada to the province for its local purposes or for the support of its government and legislature or on account of interest in respect of its public debt or in lieu of public lands or on any other account whatsoever;

(b) effect payment in whole or in part of any such grant by payment direct to a creditor of the province of any amount owing to such creditor on account of the guaranteed securities. In this and the next succeeding paragraph "creditor" shall include a trustee of a sinking fund;

(c) out of any revenue received or collected by the Government of Canada or any department or officer thereof for or on behalf of the province, make payment direct to a creditor of the province of any amount owing to such creditor on account of the guaranteed securities.

(2) The Legislature of any province may charge the principal, interest or sinking fund of the guaranteed securities on any revenue of the province, upon terms that such revenue shall, if the Government of Canada so requires, be disbursed exclusively in payment of such principal, interest or sinking fund and may, if the Government of Canada so requires, provide for the depositing of all funds from the revenue so charged in a trust account in a bank or banks for the purpose of implementing the said charge.

5. This Act may be cited as the British North America Act, 1936, and the British North America Acts, 1867 to 1930, the British North America Act, 1907, and this Act, may be cited together as the British North America Acts, 1867 to 1936.

The motion was agreed to.

The Senate adjourned until Tuesday, May 19, at 8 p.m.

THE SENATE

Tuesday, May 19, 1936.

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

Prayers and routine proceedings.

BRITISH NORTH AMERICA ACTS

PROPOSED JOINT ADDRESS

The Senate proceeded to consider a message from the House of Commons with the following resolution:

That a message be sent to the Senate informing their Honours that this House has passed an Address to His Most Excellent Majesty the King, praying that he may graciously be pleased to give his consent to submitting a measure to the Parliament of the United Kingdom of Great Britain and Northern Ireland to amend the British North America Acts, 1867 to 1930, and the British North America Act, 1907, and requesting their Honours to unite with this House in the said Address hereto attached.

Hon. RAOUL DANDURAND moved:

That the Senate do unite with the House of Commons in the said Address, and do insert in the blank space therein the words "Senate and."

He said: Honourable members of the Senate, the Address was placed on Hansard on Thursday last for the purpose of enabling honourable senators to familiarize themselves with

its contents. Therefore, if it please the Senate, I shall proceed to explain the Address and move its adoption, as the matter is somewhat pressing. If the Senate concurs in the Address passed by the Commons, it will be sent without delay to His Majesty in order that the British Parliament may be asked to pass legislation in consonance with the terms of the proposed amendment.

The resolution covers two matters which, though distinct, are somewhat correlated, as they both tend to assist financially the provinces that are in need of help. The first part of the proposed amendment widens the field of taxation available to the provinces and confirms certain action taken by them in that direction. The object of the second part of the amendment is to facilitate the granting of financial guarantees to provinces that cannot finance without those guarantees.

I may say that the provincial governments are in accord with the purposes to be effected by the proposed amendment to the British North America Act. Inasmuch as nothing is taken from the provinces, no one has raised the objection that the legislatures should be convened in order to give their approval. The purpose of this legislation is simply to extend the provincial jurisdiction. Some provinces have, I believe, expressed the opinion that they would not need to ask any Dominion guarantee in the future, but they are in accord with the terms of the proposed amendments, inasmuch as they are interested in the Dominion guarantee of loans that may be made.

As to the first part of the resolution, I do not intend to dilate upon what is direct and what is indirect taxation, but shall simply cite John Stuart Mill, who, in a very few words, gives a clear definition of the two systems of taxation. He says:

> Taxes are either direct or indirect. A direct tax is one which is demanded from the very persons who it is intended or desired should pay it. Indirect taxes are those which are demanded from one person in the expectation and intention that he shall indemnify himself at the expense of another. Such are the excise or customs. The producer or importer of a commodity is called upon to pay a tax upon it, not with the intention to levy a peculiar contribution upon him, but to tax through him the consumers of the commodity from whom it is supposed he will recover the amount by means of an advance in price.

The Privy Council has more than once had to give its opinion as to the constitutionality of legislation on this very point. I would cite but two decisions to indicate the view of the Privy Council with respect to the right of a province to tax directly or indirectly.

In 1924 the province of British Columbia imposed a tax on oil. This tax was challenged, the matter going as far as the Privy Council, in the case of Attorney-General of British Columbia vs. Canadian Pacific Railway Company. Here is the decision of the Privy Council, which shows the nature of the action attempted by the British Columbia Legislature:

> Held, the British Columbia Fuel Oil Tax Act, 1923, which provides that every person who shall purchase within the province fuel oil sold for the first time after its manufacture in or importation into the province shall pay a tax thereon, comes within the general principle which determines that the tax is an indirect one and, therefore, invalid within the meaning of the British North America Act, 1867, s. 92, head 2.

It will be seen that this tax was declared invalid. However, the province of British Columbia wanted to tax fuel oil and gasoline; so it proceeded in another way, and another statute was passed. This also was challenged, and finally was submitted to the Privy Council in the case of Attorney-General for British Columbia vs. Kingcome Navigation Company, in which it was held:

> The Fuel Oil Tax Act, 1930, of British Columbia, which imposes a tax upon every consumer of fuel oil according to the quantity which he has consumed, is valid under s. 92, head 2, of the British North America Act, 1867; the tax is direct taxation, because it is demanded from the very persons who it is intended or desired should pay it. As the tax does not relate to any commercial dealing with the commodity, it does not fall within the category of customs and excise duties, which are within the legislative powers of the Dominion, both because they are by nature indirect taxes and having regard to s. 122 of the Act. The Act, being within the legislative power given by s. 92, head 2, and not purporting to regulate trade and commerce, is not invalid as infringing the Dominion authority under s. 91, head 2, to legislate for that purpose.

In this case, as will be seen, it was the person who was being taxed, not the commodity. If, as has been recognized by this latter judgment of the Privy Council, provinces have the right to tax directly, should we intervene for the purpose of extending their power where, under such procedure as the British Columbia Legislature adopted, they would be acting within their own rights?

My answer is that the provinces asked that they be allowed to impose indirect taxation on retail sales, because the method which they have to adopt at present in levying direct taxation is most cumbersome and difficult to apply. Moreover, the taxes are expensive to collect and, as they have been often challenged by taxpayers, the provinces have been subjected to very costly litigation.

It may be asked why we should come to the aid of the provinces. The first reason is an

obvious one. Some of the provinces are in great need of income; they have been unable to balance their budgets, and at times their financial situation has been apparently hopeless. The second reason is that the Dominion has invaded the field of the provinces to a marked degree, though not unconstitutionally, by imposing direct taxation. The Federal Parliament has a right to impose direct and indirect taxes, but up to the War, when it felt obliged to levy an income tax, it had generally kept away from direct taxation. I am quite sure that the provinces would be more than willing to withdraw their request for power to levy on retail sales if they were granted exclusive rights to the field of income tax, but the Dominion has not felt disposed to surrender its right to that field.

It is felt that in helping the provinces to raise taxes we are at the same time relieving the federal treasury, because if the provinces can balance their budgets they will be able to borrow, in case of need, without a guarantee from the Dominion Government.

At the time of Confederation the four original provinces of the Dominion renounced their right to customs and excise. I have always felt that they received very little in return. Of course, one is wiser after the event. In exchange for this renunciation each province was given a fixed amount—Ontario $80,000, Quebec $70,000, Nova Scotia $60,000, and New Brunswick $50,000—and 80 cents a head of population, based on the census of 1861. Under that arrangement Quebec's share came to $960,000. I mention Quebec alone, but the share of the other provinces can be easily ascertained. I recall that in 1880 I dared to go on the platform and discuss provincial matters, including this very question of the sufficiency or insufficiency of the federal subsidy. My opinion as then stated was that the Fathers of Confederation were not very far-seeing when they thought that a province like Quebec or Ontario could be administered and have its laws applied at an annual cost of less than $2,000,000. My memory is quite clear that at the time I referred to the views of Sir Hector Langevin and Sir A. T. Galt, two of the Fathers of Confederation, to the effect that the subsidy being granted would be ample to pay the cost of administration of the provinces. At least one of those gentlemen thought that $1,500,000 would be sufficient.

After Confederation the population of the country increased steadily. The federal treasury derived from customs and excise a revenue that grew larger every year, while the provinces did not benefit at all from this growth, because their subsidy was on a fixed basis. The revision of 1907 increased the subsidy and based it upon the decennial census, and since 1931 the annual subsidy to Quebec has been $2,464,000. The budget of that province for the present year amounts to $35,000,000.

The provinces were not slow in discovering the kind of bargain they had made and demanding better terms. In our times the provincial governments, sometimes singly and sometimes all together, have repeatedly asked for larger subsidies. For a number of years after 1867 the Dominion took the stand that financial arrangements made at the time of Confederation and embodied in the British North America Act were final. As a matter of fact, section 118 of that Act said so. Then, before the War, the Dominion began to make grants to various provinces, and it has continued to make them, it being stated as a principle that the basis of settlement should not be altered and that the grants should be made according to population. While the War was on, or perhaps before it started, the House of Commons voted for roads a large sum of money; I think, $10,000,000.

Hon. Mr. KING: Twenty millions.

Hon. Mr. DANDURAND: In this Chamber we insisted on its being distributed according to population, and we amended the Bill to provide accordingly. I do not know whether the Bill as amended was passed that session, but the following session we received a Bill embodying that principle. I realize, however, that since the War, and more especially during the last years of the crisis through which we have been passing, all principles have been scattered to the four winds. Grants have been made in proportion, not to population, but to the needs. In the last fiscal year the Western Provinces borrowed from the Federal Government, under various relief measures, $32,000,000. The total of their borrowings from the Dominion since 1930 amounts to $116,000,000. This serious situation explains and justifies the second part of the resolution.

If the Dominion is to guarantee provincial obligations, it has a vital interest in the solvency of each and every province. The protection that the people of Canada would receive under this clause would come from the assurance of absolute security for moneys lent to the provinces. There could be no surer guarantee than that described in clause 4 of the resolution.

Clause 2 provides:

The Parliament of Canada may authorize the Government of Canada to guarantee the payment of the principal, interest and sinking fund of any securities (hereinafter called "guaranteed securities") which any province of Canada may from time to time make or issue,

and, subject to the provisions of this Act may prescribe the terms and conditions upon which any guarantee so authorized shall be given, and the provisions of this Act shall, in the event of any such guarantee being given, apply and have full force and effect notwithstanding anything contained in the British North America Acts, 1867 to 1930, the British North America Act, 1907, the Parliament of Canada Act, 1875, the Canada (Ontario Boundary) Act, 1889, the Canadian Speaker (Appointment of Deputy) Act, 1895, Session 2, or any Acts, orders, rules and regulations passed or made thereunder or pursuant thereto establishing a province or admitting a colony or province into the Union or affecting the constitutional relationship between Canada and a province.

This is clause 3:

The Legislature of any province of Canada may, with reference to the principal, interest and sinking fund of securities which the province may from time to time make or issue, authorize the Government of the said province to enter into an arrangement with the Government of Canada whereby the Government of Canada shall guarantee the payment of the principal, interest and sinking fund of such securities.

The important clause is No. 4:

(1) For the purpose of securing Canada against loss resulting from the giving of a guarantee under the authority of this Act, the Government of Canada, whenever in its opinion any default has occurred in respect of any payment on account of principal, interest or sinking fund of the guaranteed securities, may:

(a) withhold any payment to the province on account of any grant payable by the Government of Canada to the province for its local purposes or for the support of its government and legislature or on account of interest in respect of its public debt or in lieu of public lands or on any other account whatsoever;

(b) effect payment in whole or in part of any such grant by payment direct to a creditor of the province of any amount owing to such creditor on account of the guaranteed securities. In this and the next succeeding paragraph "creditor" shall include a trustee of a sinking fund;

(c) out of any revenue received or collected by the Government of Canada or any department or officer thereof for or on behalf of the province, make payment direct to a creditor of the province of any amount owing to such creditor on account of the guaranteed securities.

(2) The Legislature of any province may charge the principal, interest or sinking fund of the guaranteed securities on any revenue of the province, upon terms that such revenue shall, if the Government of Canada so requires, be disbursed exclusively in payment of such principal, interest or sinking fund and may, if the Government of Canada so requires, provide for the depositing of all funds from the revenue so charged in a trust account in a bank or banks for the purpose of implementing the said charge.

Honourable members may ask: Why is this amendment needed? The British North America Act provides for payment of annual subsidies to the provinces for the support of their governments and legislatures. The law officers of the Crown are of opinion that a legislature cannot validly appropriate future payments of subsidies, and thus deprive a future government of its revenue. Likewise, a special tax may be levied and applied to the payment of interest on bonds and their amortization, but it may be repealed at any time thereafter.

Sections 111, 112, 114, 115 and 118 supply the answer to the question, why this amendment is needed.

Section 111 reads:

Canada shall be liable for the debts and liabilities of each province existing at the Union.

This is section 112:

Ontario and Quebec conjointly shall be liable to Canada for the amount (if any) by which the debt of the Province of Canada exceeds at the Union sixty-two million five hundred thousand dollars, and shall be charged with interest at the rate of five per centum per annum thereon.

Section 114 deals likewise with Nova Scotia:

Nova Scotia shall be liable to Canada for the amount (if any) by which its public debt exceeds at the Union eight million dollars, and shall be charged with interest at the rate of five per centum per annum thereon.

Section 115 deals with New Brunswick:

New Brunswick shall be liable to Canada for the amount (if any) by which its public debt exceeds at the Union seven million dollars, and shall be charged with interest at the rate of five per centum per annum thereon.

Section 118:

The following sums shall be paid yearly by Canada to the several provinces for the support of their governments and legislatures:

I have mentioned the amounts.

—and an annual grant in aid of each province shall be made, equal to eighty cents per head of the population as ascertained by the census of One thousand eight hundred and sixty-one, and in the case of Nova Scotia and New Brunswick, by each subsequent decennial census until the population of each of those two provinces amounts to four hundred thousand Souls, at which rate such grant shall thereafter remain. Such grants shall be in full settlement of all future demands on Canada, and shall be paid half-yearly in advance to each province; but the Government of Canada shall deduct from such grants, as against any province, all sums chargeable as interest on the public debt of that province in excess of the several amounts stipulated in this Act.

Honourable members will notice that the Dominion Government retains the right to deduct from such grants all sums chargeable as interest on the public debt of the provinces in excess of the several amounts stipulated in the Act.

There seems to be a consensus of opinion among jurists that this limitation of the right of the Dominion excludes its right to deduct any sum for any other reason or cause. The proposed legislation is introduced for the purpose of removing all doubt that the Dominion Government may retain from grants to the provinces any amount due in default of payment.

It has been suggested that possibly the increased amounts which were agreed upon by the legislation of 1907, when there was a revision upwards of the subsidies to the provinces, would not fall under the interpretation of section 118. But the Act of 1907 reiterated the proviso which I have read, and which limits the right of the Dominion to retain or deduct from the grant any amount that any of the provinces might owe on some other account.

Now, whatever may be the opinion of legal experts upon the interpretation of the law officers of the Crown as to the right of the Dominion to deduct from the grant anything except the interest as mentioned in section 118, I believe it is good policy for the Dominion to be assured that when it does guarantee provincial loans it shall have the undoubted right to collect upon the grants made and due to the provinces.

I may point out that the British Parliament took a similar course when it made an advance of £150,000 to the Government of British Columbia under Chapter 52 of 55-56 Victoria. An arrangement had been made between the British Government and the Provincial Government with regard to the settlement in British Columbia of families from parishes in Scotland. The debentures of the province were given to the treasury as securities, and the advance was to be repaid by instalments. Section 4 of the Act provides against the possible action of the Legislature of British Columbia in the future. It reads:

> Every Act hereafter passed by the Legislature of the province of British Columbia which in any way impairs the validity or priority of the charge upon the revenues of the province of the principal or interest of any advance made or debenture deposited in pursuance of this Act shall, so far as it impairs such validity or priority, be void unless the previous consent of the treasury has been obtained.

In this legislation we do not include any such terms, but I feel that the safeguards with which the Dominion Parliament would surround future loans to provinces would be welcomed, because our people have been considerably disturbed by the fact that the large advances already made are without any assurance of repayment.

I feel confident that the proposed legislation will appeal to the judgment of his House.

Right Hon. ARTHUR MEIGHEN: Honourable members, the honourable leader of the Government (Hon. Mr. Dandurand) was good enough to place on Hansard before this Address had reached us from the other House a statement of its terms, so we might acquaint ourselves with the problem which would face us to-night. By reason of extraordinary preoccupation over the week-end, I was not able to study this Address intently until to-day. When the subject was broached last Thursday I made no objection to its being taken up now, and consequently I would not think of offering opposition to its immediate consideration, notwithstanding the necessity of notice under our rules.

But, being impressed with a sense of the unusual and far-reaching consequence of the step we are now invited to take, I commence by urging the leader of the Government not to press unduly for the rapid disposition of this subject to-night, to-morrow, or this week. Even though we may be predisposed—and certainly honourable gentlemen opposite would be strongly predisposed—to accept the Government's view of the matter, and though we on this side could offer no proper objection to any measure designed to enable the provinces to carry on, provided it has no truly dangerous features, I am confident that on careful examination of the contents of this Address to the Throne, honourable members on either side will see that what is proposed is something we should not do—something which in later days we might lament.

I do not think it is necessary to dwell on the second feature of this Address. I am not sure that I entirely follow arguments advanced elsewhere. I believe, none the less, that the Dominion of Canada has inherent in its sovereign power the right to pledge its guarantee where it may desire; that no special statute has to be passed to enable this to be done. And I know, of course, as we all know, that year after year we have given guarantees to corporations here and corporations there, and even to provinces, without our right to do so having ever been called in question. Nor do I think the provinces need any particular sanction of the natural right, inherent and implicit in their sovereignty, to pledge their assets for their debts where and as they desire, whether those assets be subsidies in hand, or subsidies to come, or whatever their nature may be.

But this is only my view. I realize that in matters of law a Government must follow the advice of its law officers, and I understand

from the leader of the Government to-night that its law officers have said that though the Government of Saskatchewan, say, may make an arrangement with the Government of Canada whereby, in view of a loan or a guarantee by federal authorities, it expresses its willingness to pledge as security for repayment of interest, principal, or sinking fund, subsidies to be received, there is a question as to whether such action would prevent or forestall recession by a future government of that province from a position so taken. Assuming, then, there is some question on that point, laying aside my own view as unworthy of particular comment, and accepting the view of the law officers, I say there should be a declaration of inherent and pre-existing right, for the purpose of removing doubt; not something in the nature of obviously new legislation which implies that the powers granted have not previously existed. That creates an unnecessary and dangerous implication. This objection, which I think is important, and which the Government should consider, can easily be met. The latter phase of the Address can be amended and put into a form which will effect every purpose the Government has in mind, as stated by its leader opposite, and will be free from the objection that it throws a shadow upon powers which we have exercised without question in years gone by.

Hon. Mr. DANDURAND: Has the question ever arisen?

Right Hon. Mr. MEIGHEN: It never has arisen and never, I think, would arise. But, let me say parenthetically, suppose it did. The Government, of course, knows that obligations between provinces and the Dominion really rest on one foundation, and only one, that of honour. Better, it is true, to see that there is no way of escape from legal obligation; but if a way of escape such as the law officers of the Crown suggest—that of a government repudiating the action of its predecessor—were attempted, what could we do about it? We cannot put the sheriff in charge. All we can do is to tell those responsible they have broken faith.

Hon. Mr. DANDURAND: Or retain the grant.

Right Hon. Mr. MEIGHEN: We can retain the grant anyway. Provinces may be sued if they are dishonourable enough to do what has been suggested, but where are we going to be from that time on? We are helpless. So this second phase of the resolution has not much significance; it does not mean anything. Nevertheless I am ready to sit down with representatives of the Government and put it into a form which I know will meet everything they have in mind.

I am sorry to say that I have no hope of being able to act similarly with the first and vital feature of this proposal. I have spoken of it as being of far-reaching consequence; and in so speaking I was not exaggerating my convictions one iota. I ask honourable members to follow me closely, and if they do I am satisfied they will think again, and still again, before proceeding to carry this through.

For the first time in the history of this Dominion we are asking for an amendment to our constitutional structure, an amendment which goes to the very heart and life of the arrangement made in 1867. For the first time we are asking to disturb the line of division between provincial and federal powers; a division established at Confederation, and which has stood ever since. We have gone to the foot of the Throne before, requesting certain amendments, but they were wholly different in character and consequence from what this Address demands.

What were they? This Parliament established a certain section of central Canada as the province of Manitoba, and by legislation sought to erect it into full provincial stature and give it powers similar to those enjoyed by other provinces. Some question arose as to whether in doing so we were wholly within the ambit of our jurisdiction. We then proceeded to the foot of the Throne to ask an amendment which should ratify and validate the action taken. In that step every section of Canada had exactly the same interest. Our interest was mutual. But here is something which divides our interest, and with regard to which, I submit, we must approach the Throne in an entirely different way.

At another time there was felt to be a necessity for a Deputy Speaker in the House of Commons. We found that the British North America Act enabled us to elect only a Speaker. So we had to address the Throne and ask for power to elect a Deputy. Again there was no division of interest or aspiration.

On another occasion some question arose as to whether in our committees we had power to hear evidence under oath. That power had not been given in the Act. We asked that the omission be repealed.

Honourable members need only a recital of these events to see the tremendous difference between them and the step we are asked to take to-day. Here we are disturbing the line of jurisdiction between the provinces of this Dominion and the Dominion itself. Just how vital is that? The Fathers of Confederation battled around this question for years, at one

conference after another; it was debated in this legislature and that, in this conference and that, until finally concurrence was reached. Now, in respect of a proposal that goes to the revocation of that concurrence, that goes to the shattering of the whole framework which was constructed, surely we ought to submit to the Throne something more than a mere statement that it is desired by the Senate and the House of Commons of Canada.

There were five distinct parties to the original agreement. There is nothing here which recites that more than one of those parties have concurred in this demand.

Hon. Mr. DANDURAND: I said all the governments concurred.

Right Hon. Mr. MEIGHEN: I know the honourable gentleman said that, and no doubt he is confident he is correct. I do not dispute that the parties sat around the same table. But should that be the basis of an Address to His Majesty asking a change in the Constitution of this country—a Constitution which was the culmination of, and in the terms of, a moral contract? Are we sure the provincial governments represent their legislatures in this respect? Have their legislatures been consulted? Whatever the method of assent has been, it should be clearly sufficient, and should be embodied in this Address, and thus go to the foot of the Throne. If we lay down the principle that all we have to do, with respect to something which is a vital divergence from the original compact, is to get an Address from the Senate and House of Commons—

Hon. Mr. DANDURAND: That would be quite different.

Right Hon. Mr. MEIGHEN: Is this not vital? Does my honourable friend suggest it is not? It reaches to the very life-blood of Confederation.

Hon. Mr. DANDURAND: I draw attention to the statement which I made, and which I repeat, that we are taking nothing away from the provinces, but, on the contrary, are granting them a larger jurisdiction.

Right Hon. Mr. MEIGHEN: The honourable gentleman will see before I am through that we are taking away something that is very essential to all the provinces. I would ask the honourable gentleman to bide in patience until I get through to the matter he is raising. I am now at the point of what should be the prerequisite of such an Address. This is not one which is more or less a matter of form, in respect of which the interests of all are mutual. We should therefore base our demand on a recited narrative that all parties have concurred in appropriate form, and we should be in a position to demonstrate the truth of our recital at the foot of the Throne.

The precedent we are establishing is that no matter how crucial the matter may be, all we have to do is to send an Address from the Senate and House of Commons. Will the honourable gentleman concur that such should be a precedent? Let him think of something touching which he is far more sensitive than he is to a division of funds; say a question of minority rights. Does he think the Imperial Parliament should act in such a matter on a mere resolution of the Senate and House of Commons? Has not his Government in weeks gone by been struggling in conference with the provinces to reach some basis of concurrence among the contracting parties which would enable them to act themselves to procure through this Parliament a remedy of grievances of a constitutional character under which they feel they have been suffering? There were discussed resolutions by this legislature and by that; by all—or by all but one; but the Government has not been able to get the concurrence of provinces, which are sensitive with respect to their rights, even though they are all of one political faith. Does he say that in any future case the only thing that will be necessary, under our Constitution as it now stands, will be an Address from the Senate and House of Commons? I do not think minority rights would be very secure if that were established as a precedent.

Now I come to the essence of the resolution itself. What is proposed to be done by this amendment? The honourable gentleman has emphasized that the provinces reluctantly gave up their rights to customs and excise revenues at the time of Confederation. No doubt they were reluctant, and no doubt they sought in as equitable a manner as possible to get an adequate quid pro quo. But honourable members undoubtedly realize that there never could have been a Dominion of Canada unless the power to tax by customs and excise was taken from the provinces and reposed in the Dominion. That is the essence of Confederation. That power of indirect taxation, with the effect it produces, is the very substance, the corner-stone of Confederation. Around it, and on the question and method of adjustment, the Fathers of Confederation battled for years. The power of indirect taxation had to be taken from the provinces; otherwise they could secure by methods of indirect taxation the same effect as if they were able to impose customs and

excise taxes. This right of the provinces had to be surrendered and they had to agree to take something else in its place. What they agreed to take was first the plenary right of direct taxation. But they said: "Direct taxation will not be enough. You will have to pay us something more in return for the surrendered control over customs and excise." It was objected that the handing over to one government for expenditure by it of moneys collected in taxes by another government was wrong in principle, and there was force in that objection. But in effect the objection had to be abandoned and the Government of Canada had finally to agree to give the provinces subsidies on a certain scale. Those subsidies may or may not have been adequate. Subsequent events would make it appear that they were not, and they have been added to vicariously and unevenly ever since. At any rate, all this had to be done in order that indirect taxation should be surrendered by the provinces.

Now it is proposed, rather lightly and casually, to restore to the provinces the power of indirect taxation. Surely it behooves us to examine with the utmost care just what this would mean to the structure of Confederation.

What does it mean? I do not dispute the validity of my honourable friend's definition of indirect taxation and the distinction he draws between it and direct taxation. The Privy Council, in various cases that have gone before it, has adopted pretty fully the definition of John Stuart Mill, that the essence of an indirect tax is that it is such as may be passed on from him who pays, to another; that it is a tax on the goods or transaction rather than on the person. But the power of immediately passing on is the test which determines whether the tax is direct or indirect. In a British Columbia case an oil tax which had to be paid by the seller on the transaction was held to be indirect and therefore ultra vires of the province. But when the province taxed the purchaser, the consumer of the goods in personam, that was held to be direct and intra vires. Unless one is careful to see the significance of everything that is done, one is likely to consider this a very fine distinction. It might be said that if we allow the provinces to tax the consumer we may as well allow them to tax the seller, to tax the transaction itself. If honourable members will follow me, I think they will agree there is a very clear distinction. When you tax the consumer you are taxing the people in the province, and taxing them without discrimination, but when you tax the transaction and thus interfere with processes of trade, you can tax the outsider and exempt the people of the province. That is precisely what I venture to say is going to be done, and before I finish I shall produce evidence which I think will convince anyone that I am right. And as soon as it is done we shall have in effect tariffs between our provinces.

Honourable members do not want tariffs between our provinces. We on this side—as indeed members on that—feel that as a nation we need tariffs; that they are essential to our growth. But we have all considered that Canada is one united family, that the growth of every extremity is the concern of all, and that trade and commerce is national, not in any sense provincial. We have all of us felt that nothing direct or indirect must be allowed to detract from the unity of this Dominion as a trade and commerce entity. There must be a free trade sweep from one end of our Canada to the other. I venture now to say I can convince any honourable member opposite that such unity and such free area for trade cannot exist if this Address to the Throne is passed and is responded to by the Imperial Parliament. It would then be within the power of the legislature of any province in this Dominion to pass laws affecting the selling rights of any citizen of Canada outside the borders of that province, to tax those selling rights by taxing transactions of sale, and to exempt from such taxation anyone within the province. Does any honourable member suggest such a thing could not be done? It could be done immediately this amendment was passed. And does anyone want to have it done?

Hon. Mr. DANDURAND: Will the right honourable gentleman illustrate his point?

Right Hon. Mr. MEIGHEN: I will illustrate it in a very forceful way. Will honourable members be surprised when I tell them it has been done already? One province has passed a Bill which will be validated if the Imperial Parliament enacts the requested amendment, and which to-day is undoubtedly invalid. That Bill is in effect a tariff around the province that passed it. In my hand I hold a statute which has been in force less than one month—that is, assuming it to be intra vires. It was passed by the province of New Brunswick on the 24th of April of this year, and is entitled: "Chapter 12. An Act to amend Chapter 16 of the Revised Statutes 1927, The Corporations Tax Act." I will read a couple of sections. Section 7 provides:

The said Chapter—

that is, the Corporations Tax Act—

—is further amended by enacting a new section to be Section 10A thereof and to be inserted after Section 10, as follows:—

10A. (1) Every company or corporation, the majority of whose stock issued and outstanding is owned or held, either directly or indirectly, by companies, corporations, or persons incorporated or resident without the province, having an established place or places of business within the province, and every partnership, firm, association or person carrying on an established business within the province as a branch or part of or in connection with an established business carried on without the province and engaging in the sale of goods, chattels, wares or merchandise within the province direct to the consumer, shall pay a tax upon the amount of its or his gross sales by retail of goods, chattels, wares or merchandise to be delivered within the province.

That is a tax on sales, a tax which the Privy Council declared invalid in the British Columbia case, but which will be perfectly legitimate and within the power of the province to impose if this requested amendment is passed by the Imperial Parliament. The proviso is even more significant than the law itself.

Hon. Mr. LYNCH-STAUNTON: Will the right honourable gentleman excuse me? Are these goods delivered in the province to be taxed?

Right Hon. Mr. MEIGHEN: Goods brought into the province and sold within the province by any citizen of Canada other than a resident of New Brunswick.

Here is the proviso:

Provided that this sub-section shall not apply to any company, corporation, partnership, firm, association or persons whose principal business or occupation within the province is that of the production of natural products—

It is clear why that was put in. But that really has no effect, for the farmer does not sell retail.

—or of manufacturing or both.

Now, is the significance clear? If goods are manufactured within the province the tax does not apply; if they are manufactured outside the province the tax does apply. Does anyone want any better proof of what I have been saying than that? And unless honourable members opposite are intuitive and even insensate protectionists they surely do not desire nine separate tariffs within the Dominion of Canada! Are honourable members still convinced that trade and commerce is an element of jurisdiction which should be federal? Well, pass this resolution and trade and commerce will be gone beyond federal jurisdiction; the Dominion Parliament will no longer have control in that sphere. Instead of a united Dominion of Canada we shall have nine more or less helpless provinces. This Address should be entitled, "An Address to provide for the inevitable dissolution of Confederation."

Hon. Mr. ARTHURS: Hear, hear.

Right Hon. Mr. MEIGHEN: I have read everything that was said about the resolution in another place, and I do not think that the Government of the day realizes the significance of its proposed amendment. If this step is taken there will be no way whatever of preventing provinces from doing precisely what has already been done by the province of New Brunswick. And if 2 per cent can be imposed under such legislation, 10 per cent or 20 per cent can be imposed; tariffs whose height is limited only by the ambition of the respective provinces may be erected. When this is done the essence of Confederation, the bracings and boltings of its structure, will have disappeared. Yet that is the very thing this Address to the Throne proposes to legalize, and to legalize retroactively.

Hon. Mr. MURDOCK: While the right honourable gentleman is on that point, would he read two lines of the resolution and explain them? The resolution refers to indirect taxation "other than of all goods and articles for delivery without the province."

Right Hon. Mr. MEIGHEN: This is just the same as we do federally now. While the Dominion imposes tariffs, it exempts imports which go into production for export. This merely provides that provinces, while they can tax within their boundaries, can exempt goods sent out of the province. That does not affect the essential character of the legislation itself. It is an exception to help people within the province to sell to people in other provinces, but it does not prevent the province from raising barriers to prohibit outside people from doing business in the province. If this resolution is passed and acceded to, there will be no way of escape from nine tariff walls in Canada. The Government proposes to surrender the first and most sacred citadel of Confederation. It cannot avoid that surrender if it insists upon the passing of the resolution in its present form. I invite the ingenuity of any lawyer, of any thinking man of whatever training, to suggest how, if this resolution is acceded to, it would be possible to attack legislation such as the province of New Brunswick has passed, and which is in character not very dissimilar from some that has been passed by Alberta as well.

The honourable senator opposite says, "We are enlarging the powers of the provinces."

Yes, we are. We are putting into the hands of each province a sharp sword to smite every other province. If to do so is the conduct of statesmen, I do not so understand our function. Where will Nova Scotia be if Quebec passes retaliatory legislation such as New Brunswick has passed? Where will Nova Scotia find a market for its coal, for example? And where will the immense industries of Quebec find their market if New Brunswick to-day, Nova Scotia to-morrow, then Alberta, then Manitoba, and the rest of the provinces, pass laws imposing taxes on the sale of Quebec goods within their respective domains?

While a province applies taxation directly upon consumers it spreads these taxes over its citizens and is unable to legislate to the prejudice of citizens of any other province. But to give provinces power of indirect taxation on retail sales will be enabling them to destroy what Confederation was intended to build up. The long result of this resolution will be to undo the work of the Fathers of Confederation.

The honourable gentleman says: "What are we going to do? Our provinces are in debt and need money. They already receive big subsidies, and we should like them, if possible, to fend for themselves." He goes on to say that the provinces have a ground of complaint against the Dominion in that the Dominion has invaded the field of direct taxation. I well recall when this Federal Parliament went into that field. Warning was given at the time that some day we might regret the step, because it was a field not, it is true, reserved to the provinces, but a field in which they could roam at will and legislate as they liked. Our invasion of it restricted their rights. I realize that no solution is very attractive. It is hard enough to give subsidies we are now giving, but would not an increase in subsidies be far better than what is proposed here? If we want to keep on occupying all the fields which we are now in, let us do so, but let us see that provinces are given equitable subsidies on the basis of population, perhaps moderated or altered in certain degree, according to disabilities in each case and not according to extravagance. If we do not want to do that, would it not be better to retire altogether from the field of income taxation and leave it to the provinces? Then if it should be necessary—and it would be—to increase indirect taxes, let us do so and place the proceeds in the federal treasury. In that way we should not be striking a blow to divide the different sections of our country. If we strike this blow the time will not be long before we shall feel the pains of severance. We can collect just as much as the provinces by indirect tax on retail sales. It is going to hurt just as much if collected by them as if collected by us, but collected by us it is equitable and fair and there is no discrimination between citizens of our various provinces; there is no competitive rivalry, no competitive destruction among our provinces. Let us retire, perhaps not wholly, but in large measure, from the field of income tax, and let the provinces occupy the part from which we retreat. But let us not encourage them to establish a succession of competitive taxation levies, each one assessing the other, and thus drive a wedge between various sections of our Dominion.

I appeal to the honourable leader of the Government to submit these considerations to his colleagues. We do not approach this subject, certainly I do not, in a feeling of criticism or hostility towards the Administration. I do not suppose there is a more harassed or harder worked man in this Dominion than the Minister of Finance at this hour. I have read his address in the Commons. I know from what he is trying to escape. I believe he is acting in good faith in doing so. But from the mire and the underbrush into which, by this proposal, he is about to plunge he will find extrication vastly more difficult than from any of the difficulties with which he is surrounded now. Those other methods, some of them already tried, none of them attractive, are vastly better than this. It is a hard thing to find money to help our provinces through difficulties into which they have got themselves. Some of them have been unfortunate through visitations of nature. Those we are glad to assist to the utmost of our power. Others, and there are several of them, are in their present position largely, though not wholly, because of extravagance. However, they are at our doors and we cannot turn them coldly away. But let us meet them in a sane and sensible manner. We do not make it any harder for our people when we, instead of our provinces, put taxes on retail sales, if the measure of incidence is the same; but we escape from difficulties into which we are flying by the method proposed by the Administration.

Now, I have made these observations in the hope that there will not be an attempt to put upon the Senate the onus of defeating this measure. I should like to have it discussed by all the people. I have had telegrams even to-day from large bodies—not from individual concerns, but from bodies representing industry and commerce throughout the Dominion—protesting in the most emphatic terms. I do

not think the true meaning of this proposed legislation has yet dawned upon those who would be affected by it. Let us hear from those people, let us see definitely and clearly the course we are taking, and if it is dangerous, if it is backward, if it is fraught at least with some of the perils I have tried to disclose, then let us find another way.

Hon. L. COTE: Honourable senators, the resolution now before the Senate is one of extreme importance. It is important because it represents an attempt by Parliament to alter our Constitution, and this House should always scrutinize very thoroughly all measures to amend the British North America Act.

Two features of this resolution challenge our attention: first, the method now used to amend the Constitution; and, secondly, the merits and nature of the amendments.

Since the Balfour declaration regarding the status of the members of the British Commonwealth of Nations, a declaration recited in the Statute of Westminster, and since the enactment of that statute, which provides by section 4 that:

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

—it has been argued by a number of professors, and by politicians as well, that this Parliament has alone the right to petition Westminster and to obtain amendments to our Constitution; that concurrence of the provinces is not essential.

With that contention I definitely take issue. It may be that vis-à-vis the Parliament of the United Kingdom we have that right. But for the present I neither admit nor refute the proposition; it can be discussed on some other occasion.

It may also be a moot point whether or not, as of right, even in view of our status of equality, we may require the Mother Parliament to use its machinery to sanction a turpitude or an act on our part involving a violation of rights which she herself has always regarded as sacred. This I do not discuss. But I do say that vis-à-vis the Canadian provinces and certain classes of the Canadian people, this Parliament's right to demand amendments is restricted by the necessity of obtaining the consent and approval of the provinces. Of course, when I say "right" I do not mean the capacity of performing without fear of sanctions an act which is against public or national morality. I mean a power exercised within the bounds of moral and constitutional rights, written and unwritten.

I do not say, as has been so often stated, that the British North America Act is a contract or a treaty between the provinces. Taken literally, these terms are too easy of refutation by those who want a free hand to change our Constitution without the consent of the provinces. But I do affirm that though an Imperial statute, the British North America Act was based on an entente or compromise among the provinces and the majority and minority of the Canadian people, that our Constitution partakes of that entente or compromise, and that none of the powers conferred on the provinces as such, and none of the privileges conferred upon minorities, can be taken away, either by denying those rights or privileges or by changing the Constitution, without violating a moral or constitutional right, unless, of course, it be with the approval of the parties interested.

To affirm the contrary would be tantamount to asserting that when the original provinces of Confederation and later the other provinces joined Confederation they abandoned to the central government not only those powers which are enumerated in the Act, but also the ultimate power to abolish the very existence of the provinces as political entities. That proposition is untenable.

The fact is that the provinces have a moral and constitutional right to the integrity of their own territory, to their self-government as defined in the British North America Act, and their racial minorities have guaranteed privileges which this Parliament has no right to destroy or diminish. Therefore amendments to the Constitution which involve, or may involve, the status of a province in relation to Canada or in relation to its own people should not be passed or authorized by this Parliament without the consent of all the provinces.

This is not a new proposition and in support of it there is a very recent precedent. That precedent is based on what took place prior to the passing of the Statute of Westminster. Honourable senators will remember that at the special Imperial Conference on the operation of Dominion legislation and Merchant Shipping legislation, held in London in the fall of 1929, it was resolved by the representatives of the various Dominions and of the Mother Country to obtain the passing of an Imperial Act. This became the Statute of Westminster. The draft of the statute was settled, and during the discussion it became necessary to deal with the question of the effect of the proposed statute on the rights of Canada and of the other Dominions to

amend their Constitution. It was suggested that a section be included to provide:

That nothing in the Act shall be deemed to confer any power to repeal or alter the Constitution Act of Canada, Australia and New Zealand otherwise than in accordance with the law and constitutional usage and practice theretofore existing.

It will be seen that if this section had become law, future amendments to our Constitution would have been made in accordance with law and constitutional usage and practice heretofore existing.

As a member of the Legislature of Ontario, in the winter of 1931, I commented upon that situation, and perhaps I may be allowed to quote in part what I then said:

Now, as far as Canada is concerned, there is no statutory law providing for the amendments to the Constitution. So far as the constitutional usage and practice existing heretofore is concerned, I am afraid that the weight of precedents would constitute a practice inconsistent with the rights of the provinces as partners in the Canadian Confederation. As honourable gentlemen know, with a few exceptions, the Federal Parliament has on many occasions petitioned the Imperial Parliament for and has obtained amendments to the B.N.A.. Act without any reference to the wishes of the provinces.

As my right honourable leader (Right Hon. Mr. Meighen) said to-night, and very properly so, those amendments did not go to the root of the pact or to the division of powers between the provinces and the Dominion, or to any matter of any great importance, but nevertheless a practice grew up which, had the Statute of Westminster as originally drafted been adopted, might have been construed as binding on Canada.

I continue the quotation:

It is obvious that if the proposed sections dealing with the matter of constitutional amendment had been allowed to pass the Imperial House, a situation wholly contrary to the rights of the province would have been created. Fortunately, the resolution of the 1929 conference had to be submitted to the plenary Imperial Conference of 1930. The Government of this province, to its everlasting credit, on the eve of that conference decided to protest to the Prime Minister of Canada against the passing of a statute which would crystallize into law a mode of procedure for amending our Constitution which did not take into account the consent of the provinces and the rights of the parties to the original compact. Our representations were taken into consideration, and last fall when the matter came up before the Committee on Inter-Imperial Relations, presided over by Lord Sankey, the Solicitor General of Canada (Hon. Maurice Dupré) submitted to the committee our representations, with the statement that Canada was not prepared, under the circumstances, to give its final assent to the law until the provinces of Canada had been consulted. As a result, the objectionable clause which I have mentioned was deleted from the draft of the proposed statute, and it was agreed that Canada's adherence to the Act would stand in abeyance and that a section dealing exclusively with the Canadian position would be inserted after the representations of the provinces had received consideration.

Personally, I hope that whatever conclusion the provincial conference may reach, the old section will be replaced by another section which will provide adequate guarantees for the preservation of provincial rights, of the rights of minorities, and the maintenance of those essential provisions which are embodied in the Confederation pact.

I know that it is not the wish of this province to retard progress and to interfere with development necessary to the welfare and happiness of the people of this country, and I commend this Government in the attitude which it has taken regarding these matters—the only attitude in conformity with the dignity of our status as a province and with the desire that I think we all have to allow nothing to disturb the operation of our Constitution or inject apprehension into the minds of Canadian citizens as to its harmonious functioning in relation to their most sacred rights.

Honourable senators, no doubt, know that before Canada formally adhered to the Statute of Westminster the provinces were consulted and the objectionable clause to which I referred was amended. It is now section 8 of the Statute of Westminster and reads as follows:

Nothing in this Act shall be deemed to confer any power to repeal or alter the Constitution or the Constitution Act of the Commonwealth of Australia or the Constitution Act of the Dominion of New Zealand otherwise than in accordance with the law existing before the commencement of this Act.

The new section makes no reference to Canada as to its right to amend its Constitution, and I submit to this House that the precedent established by the formal procedure which was followed prior to the passing of that Act was based on a recognition of the rights of the provinces to consent or dissent, and is one from which this Parliament should not now or on any other occasion depart.

The next question which arises is whether the proposed changes to the constitution of the provinces are such as require, in the light of the principle which I have outlined, the consent of the provinces. My humble opinion is that undoubtedly they are. Whether the changes operate restrictions or extensions of powers does not alter the principle. The provinces are entitled to their status quo, and that status quo should not be altered without their consent. Moreover, this Act does more than confer powers on the provinces. If its meaning was correctly stated in another place, it will enable a legislature to assume a state of inferiority as a self-governing body by being allowed to restrict its own capacity with regard to the repeal of its own legisla-

tion. No legislature can bind its sovereignty in that way, but it may of course obligate itself ex contractu or by treaty. I am not saying that it may not be expedient to alter the organic laws of the provinces, but I do say that before we attempt to do so we should obtain their consent through the expression of their legislatures. The resolution under consideration affects the powers of those legislatures.

I can think of amendments which are of such importance that we should insist upon a plebiscite being taken with regard to them. After all, the principle of self-determination is one we have no right to deny. Let us suppose that this Parliament decides to petition the Throne to amend the Constitution with a view to merging the three Maritime Provinces into one. Surely we would not take the risk of accepting even resolutions of the legislatures then in session as sufficient authority to abolish the territorial and corporate integrity of those three provinces. I think we would say that the people of those provinces had the right of self-determination, and that a plebiscite should be taken before we would petition the Mother Country.

I submit that for the purpose now suggested we should obtain an expression of opinion from all the provinces, because the amendment proposed would affect the rights and powers of the legislatures. Therefore, honourable members, unless such a consent—that is, a consent expressed by resolution of the legislatures of each of our provinces—is exhibited to this House, I shall vote against this resolution. More important than haste and expediency are the national honour and the full recognition of our covenants and constitutional obligations.

May I say a few words about the merits and the nature of the proposed amendment? The honourable the leader of the Government has dealt with it in two parts, the first relating to taxation and the second to the guarantee by the Dominion Government of provincial loans.

The effect of paragraph 1 of section 1 of the proposed amendment is to empower a legislature to impose a tax on retail sales within a province, in the same way that we impose a tax on wholesale sales within the Dominion. The tax may be on the same goods, with certain exceptions mentioned in the amendment. This, I submit, simply means an extension of the evils of duplication of taxation, something which should be curbed rather than encouraged. I am not going to repeat the argument so clearly and forcibly expressed by my right honourable leader (Right Hon. Mr. Meighen), which argument I fully concur in; but I will add that surely this is not what we were expecting when we were told that the provinces had got together in a conference to study the duplication and re-alignment of the taxing powers of the Dominion and the provincial legislatures. The problem is one which the harassed taxpayer would like to have solved. I admit the solution is not an easy one. It challenges the common sense and business acumen of business men and of legislatures. But surely this sort of thing, which would render the problem more baffling and more difficult, is not a step in the right direction. It is a retrograde step which will only add to our common difficulties. Then why nibble at the problem and proceed in the wrong direction?

As to the second part of the amendment, it is admitted by the Minister of Justice that sections 2 and 3 of the proposed Act are but a restatement of the existing powers of the Dominion and of the provinces, and appear only in order to lay a foundation for section 4. It is argued that section 4 is needed to make sure that a legislature may appropriate the subsidies payable to a province under section 118 of the British North America Act, not only for the current year, but also for future years, and to prevent a legislature from repealing in the future the very laws which appropriate the revenue the province has pledged as security for the Dominion guarantee.

With regard to the first contention, I cannot admit that a province, to which a subsidy is payable as such, cannot by an Act of its legislature assign, transfer or appropriate that subsidy to the Dominion by contract or treaty. The negation of that right is the negation of the sovereignty of the province when it is acting within the scope of its powers as a province. However, I do not want to substitute my opinion for that of the officers of the Crown, and if they say there is a doubt, I see no objection to that doubt being removed.

With regard to the second contention, namely, that legislation is required to prevent a legislature from repealing its appropriating law, and that its contract is not sufficient to prevent it, I readily agree. If a province broke its contract in this respect the Dominion would have no direct or effectual remedy. But even with a limitation on the power of the legislature to repeal its appropriating Act the Dominion would be without an effectual remedy, because the province would still possess the power to repeal its taxation law. I would point out to the honourable the leader of the House that even what is pro-

posed would not prevent the province from repealing its taxation law, the law which yields the revenue. So you are no further ahead with section 4 than you would be without it. Still another step is required. You must prevent the legislature from repealing the taxation law, the revenue from which has been, by another Act, appropriated to the protection of the bond. If you cannot stay the hand of the legislature and prevent it from repealing its taxation law, the protection which the Dominion Government is supposed to obtain is futile.

Of course, I am not one of those who think we should treat the provinces as we treat companies which borrow money. I do not know that any guarantee a province can give by way of the physical deposit of money means a great deal. I think the real security a Government obtains from a province or from any other country with which it does business is based on honour and fair dealing.

Hon. Mr. BARNARD: That is what the power companies thought.

Hon. Mr. COTE: However, if the Administration, with the consent of the legislatures of the provinces, desires to amend the Constitution in that way, I should not have any serious objection, though I doubt the wisdom of such a course in dealing with a province, which is a quasi sovereign state. If the Government wished to obtain what the leader of the House referred to to-night as a complete guarantee—I do not think it would get a complete guarantee, but it would be such physical guarantee as it could obtain—it might be advisable to add a section stipulating that no Act which the province might hereafter pass should impair the validity or priority of the guarantee unless such Act were passed with the consent of the Dominion of Canada. Such a section would be somewhat similar to the one read by the leader of the House to-night from the Imperial statute with respect to the loan to British Columbia. I point out again that without such an express enactment the amendment would not be sufficient to prevent a provincial legislature from repealing its taxing laws.

There is another point I wish to make. As I have stated, sections 2 and 3 are included merely for the purpose of laying a foundation for section 4. That has been mentioned by the honourable leader of the House. But if there is ever any legal question as to the right of the Dominion to make loans, past or future, to the provinces, the courts will not read our speeches as an aid to interpretation of the law and to finding out why sections 2 and 3 were considered of such importance as to be inserted as amendments to the Constitution. They will read these sections in relation to the British North America Acts from 1867 to date. Is there not a possibility that the express language in the British North America Act limiting the power to guarantee loans upon certain conditions would be taken by the courts as excluding the broader power to loan? Should the draftsman not have guarded against this doubt by inserting a fifth section, to provide that nothing in this Act shall be deemed to restrict the powers of the Dominion of Canada? As we are asked to legislate to remove doubt, I think we should be very careful not to introduce any more doubt into the Constitution.

My conclusions, briefly, are these. Without the consent of the provinces, formally expressed by a resolution of their legislatures, I am afraid that I cannot see my way clear to support this resolution. If that consent were obtained, I still could not bring myself to support the taxation provision of the resolution. I would, however, support the second part, but I am suggesting that its wording be amended so that the doubts I have mentioned cannot be raised, and also in order that better protection may be provided for the Dominion.

Hon. JAMES MURDOCK: Honourable senators, as a layman I want to express two or three thoughts in connection with the resolution that we have before us. But before doing so, may I ask the right honourable leader on the other side if he would object to giving us, in addition to the very interesting statements he has already made, his view of a section of the British North America Act that I am going to read? The right honourable gentleman has suggested that if this resolution were passed the various provinces might possibly institute tariffs against one another, and we might have nine tariffs in effect across Canada. May I refer to section 121 of the British North America Act? The marginal heading is "Canadian manufactures, etc." It reads:

> All articles of the growth, produce, or manufacture of any one of the provinces shall, from and after the Union, be admitted free into each of the other provinces.

Would the right honourable gentleman give us his view as to how this resolution would interfere with that specific section of the British North America Act?

Right Hon. Mr. MEIGHEN: Necessarily it would not. That section would remain intact and in full force. Because of that section, goods of one province could not be

prevented from entering another province freely. But after they had entered New Brunswick, for instance, they could not be sold until they had been subjected to a special tax, which would not apply upon similar goods produced in that province. The Act would be got around in that way.

Hon. Mr. MURDOCK: Would that not be a tariff?

Right Hon. Mr. MEIGHEN: No, not a tariff. Goods could get into the province without hindrance, but once inside the province they would be subject to a sales tax which would not be applicable to such goods produced within the province. There will be nothing to stop any province from imposing such a tax, if the amendment we are asking for is passed by the Imperial Parliament.

Hon. Mr. MURDOCK: I am very much obliged for that expression of opinion, and, as a layman, I think I see the point.

Still speaking as a layman, may I refer to what has been going on these last twenty or twenty-five years? When the average citizen has made a complaint and contended that this, that or the other thing should be done, the average politician, whether in the Senate, the House of Commons or elsewhere, has given as the justification or reason for doing nothing the answer that the British North America Act prevented the doing of anything such as was requested, even though it was conceded that the thing requested was good and desirable. Now, I do not know what there is from a legal point of view in the statements that have been made to-night. So far only members with legal training have dealt with the resolution. I presume we have got into the habit of believing that only legally trained persons should speak in regard to certain matters. The honourable senator who preceded me (Hon. Mr. Coté) said something about the taking of a vote or plebiscite on some questions. I express the humble view that if this Senate of Canada does not co-operate and take action to rectify some of the things for which the British North America Act has been blamed, the people will rise up in their might and undertake to demonstrate who is running the affairs of this Canada of ours. They will find out whether their affairs are being run by self-satisfied politicians who use the British North America Act as a means of preventing Parliament from doing some things that should be done to alleviate certain conditions.

What do we find in this resolution? In the first place there is a concrete declaration of the fact that the various provinces are not getting the necessary wherewithal for carrying on the affairs of government. If we wanted to be rough or uncouth in the matter, we could say that it serves them right; that they should not have spent so much money in years gone by. We all know there has been wasteful expenditure. But the fact remains that responsibilities have been entailed and must be met. So in the first place the resolution seeks to enable the provinces to go out into the highways and byways and get some additional money for administering governmental affairs.

In the second place the resolution contemplates the maintenance of the financial stability of the Dominion of Canada and of the various provinces. Is there any lady or gentleman in this House or elsewhere who is not in favour of that? I think some conditions that have developed in the last year or two show it is possibly necessary to take unusual means, or means that would not have been thought of in years gone by, to insure that the financial stability of Canada and of all the provinces shall be maintained.

These are the things, stated concretely and briefly, that I as a layman see in this resolution. But some of our distinguished legal gentlemen, who know far more about the matter than I ever shall know, tell us that we cannot do this or that or we shall undermine the whole basis of Confederation. Well, I think I am not exaggerating when I say that 85 per cent of the people in every province of Canada have said, "To H— with the British North America Act!" when on various occasions they have found it standing in the way and preventing the doing of things that should be done for their benefit and the benefit of Canada. I prophesy that if this Senate takes upon itself the responsibility of saying, "Nay, nay, we cannot and will not pass this resolution," the Canadian people will have an additional, concrete and definite reason to clamour for the abolition of the Senate. I know some honourable members will smile at that, but I prophesy right here and now that that will happen if the Senate retards something which the people feel to be absolutely essential.

I do not think there is an honourable member on either side of the House who will not admit that both objectives of the resolution are absolutely essential. Is the Senate disposed to take upon itself the responsibility of turning down the resolution? If so, what for? In the past few months we have had some concrete illustrations of what has been done in the name of the British North America Act. I have received and am still receiving letters of complaint from people inquiring what has happened to some measures

passed last session, and I have had to answer that they are being considered as to whether they are in line with provisions of the British North America Act.

This resolution proposes to give the provinces an opportunity to get some additional money. I notice that section 92 of the British North America Act reads:

> In each province the Legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated, that is to say:—

And the second paragraph of that section reads:

> Direct taxation within the province in order to the raising of a revenue for provincial purposes.

What more than that is involved in this first portion of the resolution? I ask the question as a layman, not as a lawyer, for I know a good lawyer could present a convincing argument on either side of the question.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. MURDOCK: Yes, that is conceded, I am sure. He would not be a good lawyer if he could not do so. I am talking from the viewpoint of the average citizen, and I say that eighty-five per cent of the people of Canada are, in my humble judgment, looking to us to cut out this bugaboo of obstruction known as the British North America Act. They are looking to us to undertake a real, concrete, definite way to go somewhere and do something on behalf of those who are clamouring for certain reforms which time and time again they have been told cannot be made because of the provisions of the British North America Act.

Right Hon. Mr. GRAHAM: Honourable senators, I am not threatening a speech. I move the adjournment of the debate until to-morrow, so we may have time to read and consider the addresses which we have heard to-night. There may be something in them.

Right Hon. Mr. MEIGHEN: Hear, hear.

On motion of Right Hon. Mr. Graham, the debate was adjourned.

THE LATE HON. SENATOR FORTIN

TRIBUTES TO HIS MEMORY

Hon. RAOUL DANDURAND: Honourable senators, when recently we heard that one of our colleagues was dangerously ill we were very much concerned, and all ardently hoped he would regain his health. I refer to the late Senator Fortin, who represented De la Durantaye. It was with deep sorrow that we learned of his death.

Senator Fortin had sat in the House of Commons since 1930. He became a member of this Chamber at the opening of the present session. I think I saw him after he was sworn in, but I doubt whether he was able to attend any more of our sittings. Fate prematurely cut short his term in this House.

I had not the advantage of intimate association with him, but I know that both for his excellent personal qualities and for his high professional attainments he was very much esteemed in the constituency which chose him to represent it in the other House. I have no doubt that my right honourable friend (Right Hon. Mr. Meighen), from the advantage of personal contact, will be better able to pay tribute to the fine character of our late colleague.

I desire to express on behalf of honourable members our deep sympathy with his bereaved family.

Right Hon. ARTHUR MEIGHEN: Honourable members, it is unfortunate indeed that the respite we have had for some months from casualties among our fellows in this House should have been interrupted by the death of Senator Fortin. I remember the honourable gentleman as one of my colleagues from the province of Quebec, not so numerous as I should have liked them to be, but exceedingly choice. Particularly do I recall the gallant battle he conducted in 1926, when, with all on his side in the province, he met defeat.

That association, cherished though it is by me, was practically all my relationship with Senator Fortin. He arrived in the House of Commons during my absence from public life, took his part there, established himself in his constituency as a man of weight with the public, and at the close of the last Parliament was appointed to this assembly.

He was one of those numerous members of the medical profession who are chosen members of this Parliament or one of the legislatures because of their personal popularity and because of the services they render. The only contact I had with him in this House was to hear him regret that his health was not such as to enable him to take the part he desired among us. I realized that he was suffering, and while it was not a surprise, it was indeed a shock that after so very short a tenure of office he passed away. His death is especially sad because of the large and splendid French Canadian family he leaves to mourn his loss. One can understand their despair and dismay, and our whole-hearted sympathy goes out to them.

The House will be gratified to know that the honourable senator from Grandville (Hon.

Sir Thomas Chapais) desires to say a few words commemorative of the career of Senator Fortin.

Hon. Sir THOMAS CHAPAIS (Official Translation): Honourable senators, once more relentless and gloomy death has mowed among us. When our colleague and friend, Dr. Emile Fortin, seemed to be recovering, for a time at least, from the dreadful illness which laid him low at the beginning of the present session, suddenly came the news that his noble heart had ceased to beat.

Both leaders of this House having justly and eloquently praised his memory, may I be allowed, especially in the name of those who had a more intimate knowledge of his career, to lay on his open grave the expression of their mournful regret.

God had gifted our departed colleague with the highest attributes of mind and soul. After a brilliant course of studies, his aptitudes and inclinations led him to engage in the practice of medicine. And for a long time, nearly thirty years, in his native city, Lévis, he gave himself entirely to that noble calling, skilfully, untiringly, and with an admirable sense of professional devotedness. Soon, in every home, Dr. Fortin's name was honoured, absolutely trusted, and, better still, deeply loved. No doubt ability, professional knowledge and what I should call the "medical gift," caused such feelings. But another and even more precious gift, kindness, was perhaps the determining factor of these feelings. Dr. Fortin was a kindly man, and that tells all. May I be permitted to quote here a great thought of an illustrious man, whose name is not often heard in parliamentary precincts? Bossuet, eulogizing a hero, exclaimed: "When God created man's heart and breast he implanted in them first kindness, as evidence of the kindly hand from which we come." Kindness, to a superior degree, was obvious in Dr. Fortin; it was the very inspiration and guide of his life, and caused his name to be blessed in modest homes where straitened circumstances and distress prevail. As a crowning gift it surrounded him with a halo of sympathy.

That was undoubtedly the main reason why his political friends induced him, against his own will, to enter the political and parliamentary field. Defeated in a first contest, he was elected to the House of Commons at the general election of 1930. To him it was a sacrifice, and perhaps a fatal sacrifice. From that day, one might be tempted to say, his kindness became a danger. Invested with a popular mandate, well he would have liked to make it a means of attenuating all sufferings and of providing relief for all distress. A thankless and difficult task in these sombre days. Our friend wore himself out at it. Realizing his inability to pursue the effort, he conceived the idea, a perfectly legitimate one, of passing into a quieter atmosphere where his vital power might recover. Such a wish, a very natural one, and intensely pursued, as we know, was realized. When the present session opened, Dr. Fortin, having taken the oath in presence of this Throne, took his seat in the Canadian Senate. Joyful day, a day of gratification and of intimate satisfaction for our colleague, for his family and for his friends! Alas! that day was to be the first and last. That seat was to be his for a few moments only. Soon afterwards, we heard that our colleague had to enter a hospital, and, to-day, we bow at his grave. Mockery of hopes and frailty of human happiness!

There remains to his family and his friends but one consolation, yet the best. And it must be to us also a comforting lesson. A firm and fervent Christian, Senator Fortin took leave of mortal honours to receive in Heaven, the eternal abode, the reward of his noble life, the everlasting and immortal reward.

Hon. CHARLES BOURGEOIS (Official Translation): Honourable senators, I should also like to add a few words in French to the memory of our lamented colleague from the province of Quebec. I need not recall the activities of the public man: honourable senators who have spoken before me have done so fully and in very sympathetic terms. But I desire to speak briefly of the excellent friend Dr. Fortin was to me as a room mate and my desk mate in this Chamber.

Only a few weeks ago I moved from the large room on the ground floor which had been assigned to both of us at the beginning of the present session. There we had agreeable and intimate talks, and it is in such conversation that a man truly reveals himself. Dr. Fortin was always a good and devoted comrade and a well-disposed man. To the end he was courageous and cheerful. Until the fatal crisis I doubted the seriousness of his case, for he himself jested about it. Yet his medical presentiment could not fail him. He knew his end was near, but he did not fear it.

Senator Fortin was an upright man in every sense of the word, a good and devoted doctor, equally proficient in moral and physical comfort. Besides, an excellent father,

in conversation he would often picture sympathetically his children, and one felt that his great concern was their present and future welfare.

Our departed colleague was also a firm and true believer. Firmly rooted in him were the religious principles that pass from generation to generation in old Quebec. Those principles he practised in public as well as in private life. Oh! truly, he could smile, and smile to the end, for he was of those who "have fought the good fight" and can await in serene calmness "their just reward."

THE MARQUESS OF WILLINGDON

RECENTLY CONFERRED HONOUR

Hon. J. P. B. CASGRAIN: Before the Orders of the Day are called, may I be permitted, with the leave of the House, to inquire if it would be fit and proper for the members of the Senate to express their pleasure and satisfaction at the fact that His Majesty has been pleased to confer on the Earl of Willingdon a marquisate, the highest honour, next to a dukedom, which can be granted.

When Lord Willingdon, after serving with distinction as our Governor General, accepted the position of Viceroy of India, he knew full well that very great difficulties would beset him in that high office by reason of "la situation tendue," or in plain English, the strained relations between the Mother Country and certain agitators in a large part of India. He went there with his eyes open. Before coming to us he had performed many, many years of Imperial service in most responsible positions in the Indian Empire. He had thoroughly studied the mentality of the Indian people and understood them. His reign in India was a peaceful and successful one, notwithstanding the fully justified fears of the real lovers of the Empire.

When he left India at the end of his term the names of the most active agitators were seldom even mentioned in that country, as he had wisely decided not to enter into any discussion with them until they had renounced their seditious campaign.

Six years ago, after a dinner in Montreal at which I had been seated next to him, I asked Lord Willingdon if I might be permitted to inquire what he thought of the political situation in India. I added that for seven years I had received monthly letters from a Royal Engineer who had served during those years in many parts of India, and the burden of these letters was that it was useless to discuss policy with a Hindoo, as he regarded this as a sign of weakness; furthermore, that if the Hindoo had the power there would be no discussion. Lord Willingdon listened with great interest. I have no authority to repeat what he said, but I am convinced that my informant was probably right.

His Majesty's Government has now named Lord Willingdon the Warden of the Cinque Ports. The position was formerly occupied by another viceroy. This most distinguished post carries with it comfortable emoluments, which should not be amiss to one who has been Governor General of Canada and Viceroy of India, for, without a very long purse, these positions give a great deal of material worry.

May I suggest that the Senate might give some attention to this matter? The Marquess of Willingdon was one of the most diplomatic governors Canada ever had. I say that of my own knowledge, for I have known all our Governors General personally, from Lord Dufferin to the present distinguished incumbent.

Hon. RAOUL DANDURAND: In response to the inquiry of the honourable gentleman may I say that it has always given me great satisfaction to contemplate the period during which Lord Willingdon occupied the post of Governor General of Canada. It was my privilege and pleasure to meet Lord and Lady Willingdon at Geneva before their occupancy of Rideau Hall. At that time Lord Willingdon was representing India. Since then our relations have always been most cordial, and I have read of his preferment with great satisfaction. We all have been pleased to learn of the success of his viceroyalty in India. There had been considerable agitation in that vast country prior to the time he assumed his high office, but he may take pride in the fact that the term of years during which he served was singularly distinguished by peace and apparent goodwill towards the Viceroy throughout the whole of the Indian Empire. I am very glad to know that his services have been so highly recognized by the Crown.

Right Hon. ARTHUR MEIGHEN: Honourable members, there may be a question as to the appropriateness of comments by the Senate, whether favourable or not, upon the conferring of royal favours, but there can be no question of the pleasure that we all as individuals received through reading of the very high honour conferred upon the Marquess of Willingdon. His term of office as Governor General of Canada was a distinguished one, wholly acceptable to our people, and it will long be remembered with gratitude. It is a

matter of great satisfaction to Canadians that he should have rendered service which seems to have been regarded with universal satisfaction in the great empire of India. I know that as individuals we warmly congratulate the Marquess of Willingdon.

DIVORCE BILLS

SECOND READINGS

On motion of Hon. Mr. Gillis, of the Committee on Divorce, the following Bills were read the second time:

Bill K2, an Act for the relief of Madeleine St. Clair Peacock Milroy.

Bill L2, an Act for the relief of Bella or Bessie Laurie Wozik, otherwise known as Bella or Bessie Laurie Rabinovitch.

Bill M2, an Act for the relief of Agnes Hannah Wright.

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

THE SENATE

Wednesday, May 20, 1936.

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

Prayers and routine proceedings.

FREE FOREIGN TRADE ZONES BILL

REPORT OF COMMITTEE

Hon. Mr. RAINVILLE presented, and moved concurrence in, the first report of the special committee on Bill E2, an Act to enable the establishment, operation and maintenance of free foreign trade zones by provinces and municipalities, or by public agencies of either thereof, the committee recommending that its quorum be reduced to three members, and that it be authorized to send for persons, papers and records.

Hon. Mr. MURDOCK: The other day, when we were discussing the formation of this committee, I understood that there would be a change in the line-up of the committee. Has that been forgotten? We now have a motion that this committee of nine members, upon which Ontario, with twenty-four members in this House, is not represented, be allowed to reduce its quorum to three members.

Hon. Mr. BEAUBIEN: For years it has been the custom with respect to committees of nine members to reduce the quorum to three.

Hon. Mr. MURDOCK: I know that. But in relation to the matter of free ports, which is an absolute innovation in Canada, which seems to be urgently desired by certain individuals or certain provinces, and with respect to which, I presume, very few of us have much knowledge, I do not think one of the largest provinces in Canada should be entirely ignored; and I hardly thought the committee would go to the extent of reducing its quorum to three.

Hon. Mr. RAINVILLE: The motion in committee was that the quorum be reduced to three. I have no doubt that if it had been moved that the quorum be reduced to five, the motion would have carried.

Right Hon. Mr. MEIGHEN: In view of the fact that this is a special committee with extraordinary powers, should not the quorum be five? I think it should.

Hon. Mr. BEAUBIEN: I move, in amendment, that the quorum be five. I may say that the honourable member from Parkdale (Hon. Mr. Murdock) attended the meeting of the committee this morning, and I do not think he could have got the impression that there was any intention of hiding anything—

Hon. Mr. MURDOCK: No, I did not.

Hon. Mr. BEAUBIEN: —or of favouring any province to the detriment of the others. The whole matter was considered fairly from the point of view of the country at large, and the quorum was reduced to three in accordance with the usual practice.

Hon. Mr. DANDURAND: The committee was chosen irrespective of geographical considerations. I think the committee itself should consider the question of adding one or two members from other provinces. It might decide what members of the Senate would be most likely to render it valuable service. This need not be done to-day, however. We might pass the motion now, and then the committee could present a further report recommending that its numbers be increased.

Hon. Mr. BEAUBIEN: I presume the committee has power to add to its numbers?

Hon. Mr. DANDURAND: No.

Right Hon. Mr. MEIGHEN: It may recommend.

The Hon. the SPEAKER: It has been moved and seconded that the report be amended by the word "five" being inserted instead of the word "three."

Right Hon. Mr. MEIGHEN: I do not want to be too technical, but I am a little afraid of the precedent which may be established. I do not think this House can amend

a report from a committee. The committee alone can do that. I suggest that this report should be referred back to the committee with a request that the quorum be increased to five, and that the number of members be increased by two.

Hon. Mr. DANDURAND: Of course, the report can be returned to the committee. I do not know what the practice is in the House of Commons, but I must dissent from the view of my right honourable friend that the Senate cannot amend a report of one of its committees. We do that regularly here, under our rules.

The Hon. the SPEAKER: It is moved by the Right Hon. Senator Meighen, seconded by the Hon. Senator Ballantyne, that this report be referred back to the committee, with the request that the word "three" be stricken out and the word "five" substituted.

The amendment of Right Hon. Mr. Meighen was agreed to.

PRIVATE BILLS

FIRST READINGS

Bill N2, an Act to incorporate the Independent Order of the Sons of Italy.—Hon. Mr. Lacasse.

Bill O2, an Act to incorporate the Quebec and Montmorency Railway Company.—Hon. Mr. L'Esperance.

NOVA SCOTIA COAL MINING INDUSTRY

INQUIRY AND DISCUSSION

Hon. C. E. TANNER rose in accordance with the following notice:

That he will call attention to the coal mining industry of Nova Scotia, and will inquire if the Government are favourably considering measures that will enable the industry to expand its markets within Canada.

He said: Honourable senators, I am rising to direct attention to the coal mining industry of Nova Scotia and to inquire if the Government are favourably considering measures that will enable the industry to expand its markets within Canada. I realize, as I am sure all other honourable members do, that these are troublous times, and that the Government of the day are confronted with problems of very great moment, problems which far transcend any that we have ever before had to deal with in this country. So I am addressing myself to this subject to-day in a spirit not in any way critical of the present Administration. I feel it is the duty of all honourable members to render all the assistance they can to the Government and the country. That is the spirit in which I am making this inquiry, and I hope that suggestions which I have to make may be of a helpful character.

One of the greatest problems confronting this country to-day, as we all know, is unemployment, and I think everybody is agreed that it can never be solved by what we call temporary measures. Our governments have been expending very large sums of money on works designed to give employment, and they purpose continuing that policy. A large part of these moneys goes to pay for work that is recognized to be of a temporary character; that is, work which will give employment for a few months at most. I was glad to observe that on a recent occasion when the Honourable the Minister of Labour was addressing a group of business men in Toronto he stated that the problem of unemployment could not be solved by the construction of public works. Perhaps he has stated the same thing on more than that one occasion which happened to come to my notice. He referred to the United States, in which country it is acknowledged that unemployment continues in spite of the expenditure of tremendous sums of money on public works. As the Minister concluded, such expenditures are only palliatives.

I am therefore encouraged in directing attention to the Nova Scotia coal mining industry, which, as some honourable members may know, has very important steel and car manufacturing industries allied with it. In fact, the industries are practically one. May I say at once that the coal mining industry is entirely outside the field of public works. In Nova Scotia coal mining is a permanent, long-standing and continuing industry giving employment to a large body of workers in winter and summer alike. It is therefore an industry which I think should engage the attention of the Government and be given every possible assistance and encouragement towards its upbuilding and stability.

In this connection I would remind the House that in 1934 the Government of Nova Scotia appointed a royal commission to inquire into the general economic condition of the province. The commission devoted a considerable part of its time to the coal and steel industries. I hold in my hand the report which the commission made in the same year. To a large extent it is based upon a voluminous brief which was presented on behalf of the Government, and which I now hold in my hand. I am glad to say that this brief was prepared by the Hon. Mr. Rogers, who is now the Minister of Labour in Mr. King's Cabinet. I shall refer to these documents from time to time,

because they will help me a great deal in submitting this case to the Government represented by my honourable friend opposite (Hon. Mr Dandurand).

I am sure, honourable members, that I need not dwell at length upon the importance of the coal mining industry to Nova Scotia, and I shall not detain the House with lengthy quotations from the brief and the report. The whole situation may be summed up by this statement in the documents, that not only does the prosperity of the coal and steel industries of Nova Scotia mean stability and success to the workmen directly interested, but at least one-half of the population of the province are affected, directly or indirectly, by these twin industries.

I intend now to point out to honourable members what the coal industry has been and still is up against. In the calendar year 1935 the total output of coal from the mines of Nova Scotia was 5,800,000 tons—a decrease of 500,000 tons as compared with the output for 1934. During 1935 Canada imported 3,500,000 tons of anthracite coal, 9,500,000 tons of bituminous coal—the kind which is produced in Nova Scotia—and 500,000 tons of coke. So the product of mines of the province had to come into direct and very aggressive competition with this tremendous quantity of imported coal. Canada imports coal from the United Kingdom, the United States, and Germany, and, if an embargo had not been placed on Russian coal between 1930 and 1935, a tremendous quantity would have entered from that country.

A good deal of Nova Scotia coal is sold locally and to consumers in the other Maritime provinces. A very small amount trickles through to Newfoundland, and last year there was a very small movement to the United States. Apart from these negligible exports, there is no possibility of expanding the sale of Nova Scotia coal except within the confines of Canada.

At this point I would refer to the positive statement which appears several times in the report and the brief, that if it were not for subventions and tariff protection the coal of Nova Scotia would not get beyond the borders of the Maritime Provinces.

That is the position. I have already stated my first proposition, that the coal industry is one in which half the people of Nova Scotia are vitally interested. My second proposition is that our only market is within the Dominion; that there is no possibility of developing an export movement. I am absolutely buttressed in this position by the findings of the royal commission and by the brief.

I intend now to deal with the tariffs and subventions. I may say that I have in my hand statements prepared for me and verified by the Dominion Bureau of Statistics. The first statement shows the tariff rates:

Tariff Rates

	British Preference	Intermediate Tariff	General Tariff
Anthracite—			
1921-1931	Free from all countries		
Bituminous coal—			
1931-1932	Free	40c	50c
1932 to 1936	Free	50c	50c
1921-1925	35c	45c	53c
1925-1931	35c	45c	50c
1931-1936	35c	75c	75c
Coke—			
1921-1931	Free	Free	Free
1931-1936	Free	$1	$1

Russian coal—Embargo, February 28, 1931.

The subvention principle was initiated by the Government of 1925, when the Boards of Trade for Eastern Nova Scotia made very strong representations on the subject. Certain assistance was given in the way of a preferred freight rate, which continued until 1931. I do not intend to burden the House by giving this statement in detail, but I may be permitted to place it on Hansard. Between 1930 and 1936 substantial increases were made in those subventions. In 1928 only 113,000 tons of coal were moved to Quebec and Ontario; in 1931, 400,000 tons; in 1932, 703,000 tons; and in 1935, 1,534,838 tons. In this year our coal reached points as far west as London, Centralia, Creighton and Kapuskasing. As I have said, were it not for the subventions and the tariff protection of 75 cents a ton on coal and $1 a ton on coke, Nova Scotia coal would never have

found a market beyond the borders of the Maritime Provinces. But as compared with the output of 1934 there is a drop of 500,000 tons, and in movement the penetration into Quebec and Ontario was 280,000 tons less in 1935 than in the preceding year.

I desire now to direct the attention of honourable members to the present state of the coal industry in Nova Scotia, and I must refer again to the royal commission report and the brief.

They both point out that although the protective tariff and the subventions have been of great value there has been, nevertheless, and still is, a very deplorable want of employment in the coal mining districts, and that in order to provide employment an expansion in the markets of the provinces of Quebec and Ontario is absolutely necessary.

I shall read just one comment on that point from the brief of Hon. Mr. Rogers. At page 129 of the brief he points out on behalf of the Government of Nova Scotia:

> The experience of the past few years has proved nevertheless that the subventions have rendered great assistance to the coal industry of Nova Scotia during very critical periods of its history. Even with the support of these subventions there has been a marked decline of employment in the colliery areas of the province, and the future of the industry would appear to depend upon a continuance and extension of the subventions granted to assist the movement of Nova Scotia coal into the markets of the central provinces.

On that aspect of the matter I would refer also to what has been done by the Hon. Minister of Mines, Mr. Dwyer. He is, I am glad to say, making a personal canvass of those markets at the present time. Mr. Dwyer, who is a practical miner, has pointed out in public addresses, as well as in the Legislature, that the men who engage in the mining business in Nova Scotia did not have last year more than one-half the employment they should have had. The fact is that if a man in the coal mines of Nova Scotia got two days' work a week he might be considered a very lucky man.

One of the most important coal mining projects in Pictou County—the Acadia Coal Company, which produces a very fine quality of coal—has been in the hands of liquidators for about two years.

Hon. Mr. DANDURAND: What company is that?

Hon. Mr. TANNER: The Acadia Coal Company. For nearly two years it has been in the hands of, and has been carried on by, the Eastern Trust Company and other liquidators. They employ about 1,000 men. Recently, while the Nova Scotia Legislature was sitting, Mr. Dwyer was asked what was to happen to that coal mine. His reply, in effect, was: "I do not know. It has not been able to pay its royalties to the province, and if it does not secure markets it must close down."

Hon. Mr. DANDURAND: Is that company not controlled by the Nova Scotia Steel and Coal Company?

Hon. Mr. TANNER: It is controlled by the general corporation. Formerly it was owned by the Nova Scotia Steel and Coal Company, but, as my honourable friend knows, it is now in the hands of the Dominion corporation, which is the holding company of the whole concern—coal, steel and car plants.

Hon. Mr. GORDON: What royalty do they pay?

Hon. Mr. TANNER: About 12 cents a ton.

The Hon. Mr. Dwyer has also been making the statement which I find in this report of the royal commission, namely, that the coal mining industry of Nova Scotia will meet with disaster if it cannot find a market for at least two million tons more than it is producing to-day.

As I said a moment ago, I am glad to see the Hon. Mr. Dwyer making an active personal canvass. He has been in Ottawa and several other Ontario cities, and probably in Montreal, looking for markets. It is very pleasing to know that just now there is a strong feeling of goodwill towards the industry on the part of the people of Ontario and Quebec. This is due largely, I suppose, to the recent catastrophe which occurred in a gold mine at Moose River, and to the heroism displayed on that occasion by the Nova Scotia coal miners who went to the rescue of the unfortunate men who were entombed. But I want to point out that though enthusiasm and goodwill do exist, and no doubt will result in the coal industry being able to extend its business somewhat in Quebec and in Ontario, enthusiasm and goodwill are very likely to recede as time goes on, and we must have something more stable to depend upon than sentimental affection.

I am not saying the Government should do everything. I am glad to see Mr. Dwyer at work. I am surprised that the management of the companies which have coal to sell, and are very anxious to dispose of it, are not accompanying and backing up Mr. Dwyer in his efforts. I think there should be co-operation between the Government and the companies, and I am bound to say that I do not think the companies are at present doing their part in supporting Mr. Dwyer's vigorous campaign for more business.

I do not think I need to emphasize the fact that the coal produced in Nova Scotia is of a good quality. I would point out that during the last five years a serious effort has been made to bring coke produced from Nova Scotia coal into the markets of the upper provinces. That is why a duty of $1 a ton was placed upon imported coke. But the concern at Montreal which manufactures coke for use in this part of the country uses only about 40 per cent of Nova Scotia coal. It should use more than that, and I am suggesting that, if necessary, greater inducements should be offered to encourage the use of Nova Scotia coal in the production of coke.

I want to say from personal experience that coke is one of the finest fuels that can be used in this country. I have used it and know. But people who are not acquainted with it must be instructed how to use it. A beautiful coke which comes to the buyer in globules is made in Sydney. Other coke is made in larger lumps. If you put this larger coke into your furnace it burns away very rapidly, but if you sprinkle fine coal over the top of it you will secure a more intense and better fire than you get from the best Welsh anthracite coal. I know this because I have burned both fuels.

Then there is another matter to which I want to draw attention. The device known as an automatic stoker is now long past the experimental stage. I know many people, including several honourable members of this House, who use it in their homes. It is a fact that if you use this device and burn Nova Scotia coal, which can be purchased here at $6 a ton, and even cheaper in Nova Scotia, your heating will be more satisfactory, and cost will be one-third to one-half lower than that of either anthracite coal or fuel oil. But the general public is not aware of that fact. It is in this connection that I should like to see the Dominion Fuel Board, the governments and the companies, including their agents and representatives, conduct an intensive campaign in support of the coal industry.

I am going to make a suggestion as to what the Government at Ottawa can do. Here is a great industry which, by common consent and knowledge, is of the life-blood of the province of Nova Scotia. The report of the royal commission makes the comment that no one can imagine what a calamity it would be to that province if there were a failure of the coal industry. It is a very fine thing in some ways to have the country dotted with great public buildings. But when the construction of a building is finished, the work is done. Now, in Nova Scotia there is a great industry that has been in existence for nearly a century. One of the large mines in Cape Breton—named the "Princess Mine" after the Princess who married King Edward VII—has been in operation ever since it was started. It now extends two and a half miles beneath the ocean, and the deeper it goes the better the coal becomes. The coal mining industry gives employment to a large number of people, sustains a great many more and contributes to the revenues of the province. It is being carried on week after week, month after month and year after year. I say to the Government that that is an industry which should be assisted. Instead of providing relief in the coal mining districts for men who cannot get work, the Government would do better by assisting in upbuilding the industry and thereby giving employment and benefiting the province from one end to the other. A thriving and prosperous coal mining industry means a thriving and prosperous Nova Scotia.

But, honourable members, I am not relying wholly upon the fact that this is a great local industry. I am pointing out that, on account of the peculiar conditions existing in Nova Scotia, it is an industry of national importance. In that small province we have no great farming areas. Some lumbering is carried on, and the fisheries are very important. Also, the province is a large producer of apples, which are marketed mostly in the United Kingdom. The only large industries it has are coal and steel. There is a very successful paper manufacturing company on what is called the South Shore. Nova Scotia provides, however, a wonderful market for producers not only in the province, but right across Canada out to the Pacific coast. For instance, we buy British Columbia apples and even British Columbia strawberries. It was pointed out in the report of the Duncan Commission in 1928 that Nova Scotia buys every year at least $12,000,000 of food-stuffs.

I listened with great interest to a speech that was made in this House not long ago by the honourable senator from High River (Hon. Mr. Riley) on the United States Trade Agreement. He dealt with the subject of live stock, upon which he is an authority, as all honourable members know. In the course of his address he made what struck me as a very significant remark when he pointed out that notwithstanding talk about the markets for our live stock in the United States and Great Britain, the fact is that not more than 5 per cent of Canadian live stock production goes to those markets; that approximately 95 per cent is consumed right in this country. I should like to tell my

honourable friend that a great deal of live stock from his province of Alberta finds a good market in Nova Scotia. We also buy millions of pounds of butter made in the province of Quebec, millions of pounds of cheese from the province of Ontario and enormous quantities of eggs and other foodstuffs produced outside our own province. Nova Scotia is also a good market for implements, furniture and wearing apparel. Great firms like Eaton's and Simpson's have representatives in the province and make sales there in large volume. And there is no better class of consumers in Nova Scotia than the mining population. Miners have to live well; their industry demands that they do so.

So I want to repeat that the coal mining industry is of vast importance, not only locally, but from coast to coast. It creates employment for men on railways and ships in all parts of the country, for farmers of Quebec, Ontario and the West, as well as for factory workers in Quebec and Ontario. I am urging the Government to do all it possibly can to give assistance to this great national industry which now finds itself in an emergency.

My honourable friends opposite are probably not in favour of increasing tariffs. But these are days of emergencies. This national and permanent industry must not be allowed to go down. What should be done? The industry must be enabled to sell its coal in the markets of Ontario and Quebec. If that is not done the industry will inevitably go down, for it cannot sell its coal elsewhere. I submit that when such an important national industry is struggling with an emergency, the Government should not refuse or delay assistance. On the contrary, the Government should see to it that the stability and progress of the industry are assured. That can be done by stopping or at least reducing the flood of competing coal that is now pouring into this country. If it is necessary to raise the tariff, let the tariff be raised. If it is necessary to increase subventions, let the subventions be increased.

I am not saying that the companies themselves cannot do something to improve conditions, but, as is shown by the figures which I have already given to the House, the basis of the whole trouble can be attacked through the tariff and the subventions. It was demonstrated by the royal commission set up by the Government of Nova Scotia that the tariff and subventions have been the salvation of the industry so far.

Honourable members, I have presented without elaboration the facts which I should like to have laid before the Government. In conclusion I express the hope that the Government will give them very serious consideration and come to the rescue of this great industry at an early date.

With the permission of honourable members I will now place on Hansard the statements that I received from the Dominion Fuel Board.

Dominion Fuel Board

Summary of Assisted Coal

Movements from Nova Scotia, 1928-1936

The first effort on the part of Government to extend the markets for Nova Scotia coal by direct aid occurred in September, 1924, when money was voted to reduce the freight charges. This Order in Council, P.C. 1537, was passed September 3, 1924, and expired March 31, 1925.

The select committee of the House of Commons studying fuel matters during 1926 recommended that the assistance be restored, this opinion being supported by the Duncan Commission of the same year. Little was done, however, although the Board of Railway Commissioners were instructed, vide Order in Council P.C. 226 of February 13, 1926, to ascertain the costs of transportation of coal mined in Eastern Canada and transported to the province of Quebec.

With a view to aiding this inquiry the Government made effective on March 30, 1928, Order in Council P.C. 539, which established a test movement of coal shipments of both Nova Scotia and New Brunswick coal to the province of Quebec. Two distinct forms of assistance were authorized:

(a) Established a temporary rate of $3 per net ton from Nova Scotia and $2.10 from New Brunswick on coal moving wholly by rail to points in the province of Quebec during the season of the year when navigation on the St. Lawrence was not practicable.

(b) Extended the assistance to coal shipped by water to St. Lawrence ports and then transhipped by the railways to inland points. The assistance provided was a rate of one-fifth of one cent per ton per mile, with a maximum amount of 75 cents per net ton; railway coal being excluded.

This assistance was extended by Order in Council P.C. 2256 of October 2, 1930, for an additional one year as from March 31, 1931, but it was rescinded on May 30, 1931.

Order in Council P.C. 1300 of May 30, 1931, became effective and, in general, maintained the previous assistance. All rail movements were definitely limited to the period November 15-April 15 in each year. The assistance was changed from a set temporary rate to one-seventh of one cent per ton, with a maximum of $2 per ton. Coal moving by water to St. Lawrence ports for furtherance was assisted to a greater extent. Movements into province of Quebec received the same, i.e., one-fifth with a 75 cent maximum; to Ontario, however, the assistance was increased to one-third of one cent per ton, with a $1.50 maximum. Railway coal was included for the first time and tonnages in excess of the average consumption of 1928-29-30 were bonused at the same rate as industrial coal.

Order in Council P.C. 1048 of May 9, 1932, superseded P.C. 1300. It extended the assistance to include areas which might be reached by means other than direct rail from mines or river ports.

On all rail movements and water-borne coal moved inland the assistance remained the same. Movements by water west of Montreal and moved inland from lake ports were authorized at this time. Railway coal was assisted to the extent of the difference in cost up to a maximum amount of $2 per ton on the tonnage in excess of that purchased in 1931.

During July, 1932, representations were made to Government by Nova Scotia coal operators who were without water shipping facilities to provide assistance on coal moved wholly by rail from Nova Scotia to Ontario and Quebec during the full year instead of the limited period then in force. This was concurred in and Order in Council P.C. 1676 of July 23, 1932, revised section 4 of P.C. 1048.

In November, 1932, the railways objected to assistance applying only on that portion of coal they purchased over and above the 1931 tonnage and requested that same apply on all coal. Government concurred and Council approved of recommendation P.C. 2563 of November 22, 1932. In April, 1933, the railways contended that the $2 maximum was insufficient to meet all competition and requested $2.50. This the Government also concurred in; vide Order in Council P.C. 604 of April 4, 1933.

May 28, 1934, saw the next change, when Order in Council P.C. 1119 superseded P.C. 1048. The present assistance is summarized hereunder:

1. Movements by water to St. Lawrence ports and transhipped inland to points in the province of Quebec, assistance amounts to one-fifth of one cent per ton per mile, with a maximum of 75 cents per net ton.

2. When moved ex St. Lawrence ports to points in the province of Ontario the assistance amounts to one-third of one cent per ton per mile, with a maximum of $1.50 per net ton.

3. When moved all rail from Nova Scotia mines to points in the province of Quebec the assistance amounts to the difference in amount per net ton between the laid-down cost of Nova Scotia coal and the cost of imported coal which would otherwise be used, the maximum is $2 per ton and the differences are calculated by the Dominion Fuel Board.

4. When moved all rail from Nova Scotia mines to points in the province of Ontario the assistance is one-seventh of one cent per ton per mile, with a maximum of $2 per ton.

5. Nova Scotia coal moved by water transportation west of the island of Montreal, assistance is granted at the rate of $1 per ton, but cannot exceed the amount of rail subvention authorized in paragraphs one and two of this memorandum.

6. Water-borne coal moving west of Kingston, Ontario, and transhipped by railways to inland points in the province of Ontario, assistance is at the rate of one-third of one cent per ton per mile, with a maximum of $1 per net ton.

7. Nova Scotia coal purchased by the railways for their own use in Ontario and Quebec, assistance is the difference in amount per net ton between Nova Scotia coal and the laid-down cost of imported coal which would otherwise be used. The maximum is $2 per net ton and the differences are calculated by the Dominion Fuel Board.

Movements and cost thereof are shown in table immediately below:

Calendar Year	Output	Net Tons Moved	Cost to Government	Cost Per Net Ton
1928	6,743,504	113,905	$ 65,600.38	$0.58
1929	7,056,133	304,276	205,270.16	0.67
1930	6,244,300	372,029	214,720.41	0.58
1931	4,941,490	401,597	225,137.08	0.56
1932	4,019,068	703,691	538,110.16	0.76
1933	4,520,148	1,480,475	1,476,951.60	1.00
1934	6,314,441	1,814,460	1,720,943.59	0.85
1935	5,808,420	1,534,838	1,275,845.26	0.83

Most Westerly Points Reached By Nova Scotia Coal

1928—Kingston.
1929—Kingston and Noranda.
1930—Kingston and Noranda.
1931—Chatham, Stratford and South Porcupine.
1932—Fraserdale, London and South Porcupine.
1933—Centralia, Copper Cliff and Timmins.
1934—London, Centralia and Sudbury.
1935—London, Centralia, Creighton and Kapuskasing.

Imports of Coal to Canada
(In Net Tons)

	Calendar Year, 1935			Fiscal Year, 1935-1936		
	Anthracite	Bituminous	Coke	Anthracite	Bituminous	Coke
U.S.A.	1,664,094	9,175,185	504,906	1,688,058	9,140,105	
Great Britain	1,456,832	380,645	7,295	1,487,094	374,010	
Germany	205,045	.....	4,595	205,045	.....	
Belgium	67,220	.....	2,786	67,220	.....	
Fr. Indo-China	54,447	.....	.....	54,447	.....	
Others	.....	384	4,276	.....	341	
Total	3,447,638	9,556,214	523,858	3,501,864	9,514,456	572,971

Source: Calendar Year—Dominion Bureau of Statistics Quarterly Reports.
Fiscal Year—Dominion Fuel Board, Monthly Returns.

Hon. THOMAS CANTLEY: Honourable senators, in view of the fact that I have been connected with the coal industry of Nova Scotia since I was sixteen years of age, or over sixty years ago, it may perhaps be thought that I have some familiarity with the subject. But as I was not aware that the honourable senator from Pictou (Hon. Mr. Tanner) intended to bring up his inquiry to-day, I am in some respects not so well prepared to speak as I otherwise should have been.

Some factors affecting the coal mining industry at present are almost inexplicable. For instance, right now two cargoes of coal are en route from Indo-China, almost half way around the world, and due to arrive at Montreal in a few days. That coal was mined in Indo-China, where, I am told, the daily wage of coal miners is only from 20 to 30 cents. How can we compete against coal produced under such conditions? There is only one of two things for us to do. We can prohibit coal produced under such conditions from coming into Canada at all, because of the unfair wages being paid in the country of production; or we can impose a duty high enough to make importation prohibitive. Neither of these courses has yet been taken, and so the coal is en route to the port of Montreal.

Hon. Mr. DANDURAND: Will the honourable gentleman pardon me? I did not catch the name of the country where he said the coal was produced.

Hon. Mr. CANTLEY: Indo-China, across the Pacific, almost half way around the world.

Hon. Mr. DANDURAND: But the quantity is small, compared with what is coming from other countries.

Hon. Mr. CANTLEY: Some 12,000 tons. It is a beginning. More will come later unless importation is stopped.

Hon. Mr. DANDURAND: Is my honourable friend distinguishing between anthracite and bituminous?

Hon. Mr. CANTLEY: It is anthracite coal, and competes with Nova Scotia coke.

Here is another factor that can be and ought to be dealt with by the Government. Some few years ago the then head of the Canadian National Railways took over a coal property in the United States and spent more than $200,000 in further developing it. Coal from that property is to-day being brought into Canada on tenders of locomotives operating in this country. When the property was purchased it was said that the coal would be used by locomotives operating on that portion of the railway between Chicago and the Ontario district. But the fact is that when a locomotive reaches the boundary the tender is filled up with coal from this American colliery. A run of several hundred miles is then made into Ontario or the West. In this way considerable quantities of United States coal, mined by the Canadian National Railways, are brought into Canada without being subjected to any duty whatever. That situation produces another difficulty for our industry.

Some ten years ago, in the House of Commons, I brought to the attention of the Government the unfair treatment to which we in the Maritime Provinces were subjected so far as freight rates on food-stuffs were concerned. A few days ago, speaking in another place, the Hon. the late Secretary of State referred to what I said at that time. I have little doubt that the same conditions prevail to-day. I stated then that flour and meal could be, and in fact were, shipped from Winnipeg down to Montreal and thence to Halifax, and from there across the Atlantic to Rotterdam at rates lower than those prevailing from the same western points to New Glasgow and Sydney. So much lower were they, namely 48 cents, that we were able to, and did, buy flour in Rotterdam, the product of Canadian mills in Western Canada and Ontario, bring it back across the Atlantic and save twelve cents a barrel over the direct rate from the West to Nova Scotia. Those are facts, and chiels that winna ding. Those are most unfair conditions, and they should be remedied.

The honourable senator from Pictou (Hon. Mr. Tanner) has referred to the question of coke and coal in Montreal. The parties who built the coke ovens there apparently had no intention whatever of using Nova Scotia coal. I make that statement deliberately, and for this reason. If they had so intended they would have located their coke ovens down at the lower reaches of the harbour, where Nova Scotia coal could be unloaded at the lowest possible cost of transportation and without transhipment. Instead, they built the ovens above the locks. This meant that no ships coming from the Maritime Provinces with a cargo of eight or ten thousand tons of coal could reach the ovens at all, for the simple reason that there was not draught enough through the canal, neither was there length enough in the locks to accommodate our colliers of eight to twelve thousand tons dead weight.

Those are a few facts I desire to bring to the attention of honourable members. Had I known this matter was to be discussed to-day, I should have been better prepared to deal

with it. I can assure the House that it is a matter of very considerable importance, and will have to be effectively dealt with sooner or later, and the sooner it is dealt with the better it will be for the peace, order and good government of this country.

Hon. W. A. BUCHANAN: Honourable senators, I am interested in this discussion, though I do not think I could contribute very much to the subject-matter were I to confine my remarks to Nova Scotia. The problem of the coal industry is not confined to that province. It is national in extent, in that it affects every province producing coal, and it is difficult to formulate a solution owing to the varying conditions in each area of production. For instance, conditions in Alberta are different from those which exist in Nova Scotia.

It may surprise honourable members to know that the city where I live was founded as a coal camp over half a century ago. In fact the earliest coal mining company in Southern Alberta was established by Sir Alexander Galt and his associates in Canada and Great Britain. Lethbridge is underlaid with coal, but I venture to state that in the local homes seventy-five per cent of the fuel used for heating purposes is natural gas. In the early days the people of Alberta depended wholly upon coal. To-day in most of the larger cities of the province, such as Edmonton and Calgary, and in all the urban communities south of Calgary to the American boundary and east towards Medicine Hat, the use of coal has dropped to about a quarter of the consumption in former years. We cannot change this condition, for of course the people prefer natural gas. As a result, in the coal areas of Alberta there is a condition of unemployment similar to that which exists in Nova Scotia, and unless we can find a market for our coal the picture painted by the honourable senator from Pictou (Hon. Mr. Tanner) may be accepted as a fair representation of what will eventually develop in our mining camps. They will become dead and silent towns.

I think one mistake has been made in the development of the coal mining industry in Western Canada. In past years there has been a too-ready granting of leases of coal mining areas, without any consideration of whether there would be a market for the product. Unquestionably there is over-production of coal in Alberta. In a word, there are too many mines operating for the markets that exist.

As to the Eastern market, for some years there has been an agitation for the reduction of railroad rates so as to permit of Alberta coal reaching the Ontario market. Those rates have been reduced, but not sufficiently to enable Alberta coal to compete with other fuels in Ontario. In fact our market is largely confined to Alberta itself, Saskatchewan and Manitoba.

But we have a further difficulty to surmount in Manitoba. Some years ago I read a report by Mr. Sanford Evans in respect to the movement of wheat down the Great Lakes. He stated that the grain boats brought coal back as ballast, and at such a very low rate that coal from Pennsylvania could be sold in Winnipeg and adjacent points at a price to compete with coal produced in the province of Alberta. I presume that that condition still prevails.

I would suggest, since there is a coal problem not only in the Maritime Provinces, but also in the Western Provinces, that next session a Senate committee be appointed to study the fuel problem as it affects the whole Dominion. I have no doubt that a mass of information would be available from various departmental officials here in Ottawa. The report of such a committee would doubtless be of considerable help in reaching a solution of the problem, which we all recognize exists in every coal mining section of the Dominion.

This suggestion may not appeal to the honourable senator from Pictou, for I presume he wants action to be taken at an early date.

While his inquiry relates solely to the province of Nova Scotia, I could not allow the occasion to pass without making these observations with respect to the coal mining situation in the province of Alberta.

Hon. RAOUL DANDURAND: Honourable senators, the problem which has been brought to our notice by the honourable gentleman from Pictou deserves serious attention. Governments, federal and provincial, have attempted a solution, and from time to time legislation has been enacted to assist the coal producers of the East and the West.

It is not a problem easy of solution, for it concerns various and conflicting interests, those of consumers as well as those of producers. Honourable gentlemen are aware that subventions have been granted to enable the railroads to carry Canadian coal at reduced rates, so as to extend the domestic market for the product of our coal mines.

I will bring this debate to the attention of the honourable Minister of Mines, and I hope at an early date to be able to advise honourable members as to the policy of the Government in an effort to benefit the mining population of the coal-producing areas of the Maritime and the Western provinces.

FREE FOREIGN TRADE ZONES BILL

REPORT OF COMMITTEE

Hon. J. H. RAINVILLE presented, and moved concurrence in, the report of the Special Committee on Bill E2, an Act to enable the establishment, operation and maintenance of free foreign trade zones by provinces and municipalities, or by public agencies of either thereof, the committee recommending that its quorum be five members, that it be authorized to send for persons, papers and records, and that its membership be increased by two.

The motion was agreed to.

Hon. Mr. DANDURAND moved:

That the names of Honourable Senators Donnelly and Murdock be added to the list of members of the special committee.

The motion was agreed to.

BRITISH NORTH AMERICA ACTS

PROPOSED JOINT ADDRESS—DEBATE POSTPONED

On the order:

Resuming the adjourned debate on the motion that it be resolved, that a humble Address be presented to His Most Excellent Majesty the King, praying that he may graciously be pleased to give his consent to submitting a measure to the Parliament of the United Kingdom of Great Britain and Northern Ireland to amend the British North America Acts, 1867 to 1930, and the British North America Act, 1907.—Right Hon. Mr. Graham.

Right Hon. Mr. GRAHAM: This is a matter of some moment. I have spoken to several honourable senators and they would like to have a little further time to consider it. Therefore I move the adjournment of the debate to the next sitting of the House.

The motion was agreed to.

The Senate adjourned until Tuesday, May 26, at 8 p.m.

THE SENATE

Tuesday, May 26, 1936.

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

Prayers and routine proceedings.

GOVERNMENT BOND ISSUES

INQUIRY AS TO PROCEDURE

Hon. Mr. LYNCH-STAUNTON inquired of the Government:

When an issue of bonds is made by the Government:

1. Why are interim certificates issued?

2. Why are the definitive bonds not issued in the first place?

3. Are bonds issued in denominations representing more than one thousand dollars, and if not, why not?

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

1. To provide the purchaser with a negotiable security in the interval between the time of issue and the time when engraved bonds can be prepared.

2. Definitive bonds are not issued in the first instance because of the time required for the engraving of such bonds.

3. Fully registered bonds are issued in denominations of $1,000, $5,000, $10,000 and $100,000. Bearer bonds are not issued in denominations higher than $1,000 in connection with issues distributed to the public, because experience indicates that the requirements of the public as to negotiability and safety are better served under the present practice. Cost of engraving additional plates is also a factor.

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 K2, an Act for the relief of Madeleine St. Claire Peacock Milroy.

Bill L2, an Act for the relief of Bella or Bessie Wozik, otherwise known as Bella or Bessie Laurie Rabinovitch.

Bill M2, an Act for the relief of Agnes Hannah Wright.

PRIVATE BILL—INDEPENDENT ORDER OF THE SONS OF ITALY

MOTION FOR SECOND READING

Hon. G. LACASSE moved the second reading of Bill N2, an Act to incorporate The Independent Order of the Sons of Italy.

Hon. Mr. DANDURAND: Will the honourable gentleman explain?

Hon. Mr. LACASSE: Honourable members, the purpose of this Bill, I understand, is to enable a fraternal society incorporated in the province of Quebec to extend its activities throughout the whole Dominion.

Hon. Mr. LAIRD: What activities?

Hon. Mr. LACASSE: Fraternal and mutual activities. I think the principle is similar to that involved when, a few weeks ago, a life insurance company operating under a

provincial charter sought federal incorporation. The only difference is that in this case we are dealing with a society established exclusively on a mutual basis.

Hon. A. C. HARDY: Honourable members, I must express at least mild surprise that at this particular juncture of world affairs a number of nationals of a certain country should come before this Parliament seeking any privileges at all.

An Hon. SENATOR: Hear, hear.

Hon. Mr. HARDY: I had felt at first that perhaps we might amend the Bill by striking out the word "Italy" and substituting therefor the word "Ethiopia"; but this might savour of too much levity. I understand that in Ontario there is a Society of the Sons of Italy, with headquarters in the city of Windsor, in the county from which comes my honourable friend who sponsors this Bill (Hon. Mr. Lacasse), and that for the past year it has been engaged for the most part in raising funds to help Italy carry on the war in Ethiopia. This has been done in Canada, which, as a member of the British Empire, has imposed sanctions against Italy. I cannot help thinking at this juncture, when Italy has overrun Ethiopia, the introduction of this Bill is nothing more or less than a gesture of defiance against the people of Canada. I go further: it is a very insolent gesture of defiance. I do not wish it to be inferred that I am blaming my honourable friend from Essex (Hon. Mr. Lacasse), for I think he is merely discharging his duty as a senator in sponsoring the Bill.

I would remind honourable senators of an incident that occurred in the city of Montreal a few months ago, when no less an official than the Italian Consul, in a public speech, severely criticized not only the League of Nations, but also the policy of our Government. We know that that incident was referred to in another place, and that it caused a great deal of comment in several of our newspapers. That gentleman still holds his consular office.

It may be that the purpose of the Bill is meritorious, but, as I have said before, I think that its introduction, coming at the present time, is ill-judged and inopportune. I therefore move, seconded by Hon. Senator Sharpe:

That the word "now" be left out and the words "this day six months" be added at the end of the motion.

Hon. J. H. KING: Honourable senators, I should not care to see the amendment adopted. It has been my good fortune to live among a group of Italians who have become very good citizens of this country.

Some years ago a body of Italians in British Columbia came to this Parliament seeking to obtain, and did obtain, what is asked for in this Bill, that is, power to organize for their mutual benefit. That organization, I know, has been properly conducted.

True, there has been unpleasantness in the relations between Italy and Great Britain, but surely at this time we should not refuse to pass a Bill asked for by persons who have become naturalized or by their Canadian-born children. It would seem to me that the amendment is ill-advised and should not be accepted. As I have said, I know from experience that such an organization has been carried on very efficiently by Italians in British Columbia, and I have no doubt that their brothers in Ontario and Quebec are capable of conducting in a proper manner a similar organization for their mutual benefit.

Hon. JAMES MURDOCK: Honourable senators, I notice this Bill does not appear to convey the thought that the honourable senator from Kootenay East (Hon. Mr. King) has just expressed.

Hon. Mr. KING: I am taking my honourable friend's suggestion for that.

Hon. Mr. MURDOCK: You will notice the first page of this Bill, under Membership:

Membership in the Society shall be limited to persons of Italian origin residing in Canada, together with such other persons residing in Canada as may be admitted to membership in accordance with the by-laws of the Society.

I presume that "such other persons" means Italian citizens, not naturalized Canadians. I concur whole-heartedly in the proposed amendment, and agree that this is a most inopportune time to bring in a Bill of this kind. It must be a source of embarrassment in view of the fact that Canada is a party to the imposition of sanctions against Italy, in consequence of the war in Ethiopia. Whether the purpose of the Bill is right or wrong, I think the second reading should be put over for six months.

Hon. Mr. LYNCH-STAUNTON: I quite agree with the honourable member from East Kootenay (Hon. Mr. King). I do not think we should Hitlerize any nation.

The Hon. the SPEAKER: The question, honourable senators, is on the amendment to the motion for the second reading of this Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have been waiting in the hope and, rightfully, I think, in the expectation, of hearing a statement from the leader of the Government on this question. I

should be sorry indeed to see any action hastily taken which beyond our own borders might be misinterpreted. I have no sympathy at all, nor have any but a most negligible percentage of our population, with the recent action of Italy; nevertheless, we must carefully and coolly consider whether that action has any bearing on the incorporation of a mutual benefit society in Canada. The treatment which this measure should receive at this time would seem to me to be a proper case for careful inquiry and for guidance by the Government.

Hon. RAOUL DANDURAND: Honourable members of the Senate, I must confess that, apart from what has been said by the honourable senator from Essex (Hon. Mr. Lacasse), I have little knowledge of this Bill. I cannot reconcile myself to the idea that the introduction of such a subject should raise the larger question of the action of Italy in Ethiopia. I may have occasion to dilate upon this question, but I would do so only as the mouthpiece of the Canadian Government. On examining the Bill I feel that we may be, in a sense, dealing with a group of men who are Canadians either by naturalization or by birth, and who have the best of intentions.

I cannot express an opinion as to the wisdom of presenting this Bill at this time. We all know that the situation created by the Italian Government has been most embarrassing, not only to Canada, but to the world at large, particularly to members of the League of Nations, who had to join in applying sanctions against an aggressor. I should not be disposed to vote for the amendment.

Hon. JAMES A. CALDER: Honourable members, my present view is that the Senate should act very slowly in this matter. We should not deal with it hurriedly. The adoption of the amendment before us might have consequences that we cannot now foresee. Judging from what has been said, the Bill is a harmless one. It asks for the incorporation of a society to carry on insurance and mutual benefit operations—activities that are not at all new. Many of the people involved, probably most of them, are residents of Canada, and I dare say a very large proportion of them are Canadian citizens. I doubt very much that we should let our feelings with regard to what has happened elsewhere in the world influence us in making a decision at the present time. We should take time to think the matter over. I would suggest, therefore, that we let the matter stand until to-morrow at least, and I would move the adjournment of the debate.

The debate was adjourned.

12745—22½

PRIVATE BILL—QUEBEC AND MONTMORENCY RAILWAY COMPANY

SECOND READING

Hon. Mr. L'ESPERANCE moved the second reading of Bill O2, an Act to incorporate Quebec and Montmorency Railway Company.

Right Hon. Mr. GRAHAM: Explain!

Hon. Mr. HAIG: Honourable members, this Bill is not on my file, and I object to its receiving second reading until I have had an opportunity of reading it. At the present time neither Bill N2 nor Bill O2 are on my file, and I do not know what is going on. I therefore object to the second reading of this Bill.

Hon. Mr. CASGRAIN: The honourable gentleman had better look again. Bill O2 is on my file.

Hon. Mr. HAIG: It may be on the honourable gentleman's file, but it is not on mine.

Hon. Mr. CASGRAIN: There is no reason why it should be on mine and not on yours.

Hon. Mr. HAIG: There may be no reason, but it is not on my file. It appears on the Orders of the Day.

Hon. Mr. CASGRAIN: Look at the file of bills.

Hon. Mr. HAIG: I have the file here. The honourable gentleman can come and look at it for himself.

Hon. Mr. HARDY: Pass it down.

Some Hon. SENATORS: Order.

The Hon. the SPEAKER: I will see that the honourable member is promptly supplied with a copy of the Bill. I presume it will be referred to the committee.

Shall the motion for the second reading carry?

Right Hon. Mr. GRAHAM: Explain! What is it?

Hon. Mr. L'ESPERANCE: The explanatory note is printed on the page opposite the text of the Bill. The main object of the Bill is to organize as a separate undertaking a line of railway which to-day is operated by the Tramways Company between Quebec City and Cap Tourmente, a distance of about thirty miles. The Bill simply separates the railway from the tramway. Nothing else will be changed.

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

BRITISH NORTH AMERICA ACTS

PROPOSED JOINT ADDRESS—
DEBATE CONTINUED

The Senate resumed from Tuesday, May 19, the adjourned debate on the motion of Hon. Mr. Dandurand:

That the Senate do unite with the House of Commons in an Address to His Most Excellent Majesty the King, praying that he may graciously be pleased to give his consent to submitting a measure to the Parliament of the United Kingdom of Great Britain and Northern Ireland to amend the British North America Acts, 1867 to 1930, and the British North America Act, 1907, and that the Senate do insert in the blank space therein the words "Senate and."

Right Hon. GEORGE P. GRAHAM: Honourable members, I am afraid I cannot give you any dissertation upon fine legal points, but I may say that in common with certain other honourable members of this House, not including the ladies, I have an advantage over the majority, being one of those who were born shortly before Confederation, and having as a boy experienced the thrill of breathing the first air of a new Canada. When we were told as school children that in place of "Upper Canada" we were to write "Ontario" I felt that a real step had been taken, and I am sure that honourable members from Quebec who were alive at that time felt the same thrill when they were told they were no more to write "Lower Canada." We older members of the House have an advantage by reason of the fact that our lives embrace the whole period of Confederation. We actually know what conditions were when the Dominion of Canada was brought into being in the year 1867; the rest of you only know from what some person has told you or what you have read.

I have always been one who has advocated care in changing the British North America Act. I can readily understand that as time progresses business, international relations, and other things change and move onward, and that if we are to keep up with the rest of the world we must take cognizance in our Constitution of the demands brought about by new conditions. I am willing to admit that I am old, but I do not like to be called an old fogy, particularly in relation to public matters. It may be that my honourable friend from Parkdale (Hon. Mr. Murdock) has had some reason for criticizing those of us who have always upheld the British North America Act, and to whom proposed change has been a bugaboo, as he called it. I have so regarded it, and would continue to do so until such time as the country was willing to amend the British North America Act in order to meet changed conditions.

The question of what we are to do with respect to this resolution presents two chief points, one raised by the right honourable the leader of the Opposition (Right Hon. Mr. Meighen), and the other by the brilliant young member from Ottawa (Hon. Mr. Coté). As a young man I was brought up on a political diet consisting of two ingredients—provincial rights, and a liberal interpretation of equal rights for minorities wherever they exist in this country. These I have fairly well adhered to. In my earlier days—this, you will note, is an historical sketch—the question of provincial rights was fought out on numerous occasions, and usually the claims of Sir Oliver Mowat as to the rights of provinces were maintained by the Privy Council.

The provinces are before us now, and I will deal very briefly with the views expressed by my right honourable friend in his customary cogent style. I will not say that he overstated the case, and while I do not think he understated it, I will do him the credit of saying that I believe he was conscientious in his utterances.

As to allowing the provinces to impose and collect a sales tax, if I correctly remember the remarks of my right honourable friend, he contended that this would enable the provinces to enact legislation against one another, with the result that so far as trade was concerned we should have nine separate entities, besides the Dominion, instead of a united Canada. Well, if I thought that would be the result of this resolution I could not support it, because I have always been a strong advocate of the unity of the Dominion of Canada. But I think the case was stated too pessimistically. As a matter of fact, in my humble judgment the provinces at the present time, without this resolution, have rights which if exercised would bring about the result warned against by the right honourable leader opposite. Some legal men may not agree with me. I am of the opinion that not only the provinces but also the municipalities now have the power to interfere with trade and commerce; so any province or municipality can pass legislation to affect goods coming from another province or municipality. Therefore, for that purpose the provinces do not need the legislation requested in this resolution.

All honourable senators remember that a few years ago a question arose in Ontario and Quebec over the restriction of the liquor

traffic. I know it will be said at once that in pursuance of a decision of the Privy Council the control of the liquor traffic was handed over to the provinces, and it no longer remained with the federal authorities. That is true. We all have very vivid memories of the circumstances of that liquor question. The Privy Council decision confirms my statement that in certain circumstances the provinces can legislate against one another's trade. As my right honourable friend pointed out, the British North America Act prevents the imposition of a duty, or something equivalent to a duty, by one province on goods coming into it from another province. Yet, what was there in that liquor case between Quebec and Ontario but an interference with goods coming into one province from another? There were officials on the border and on trains for the purpose of confiscating goods brought from Quebec into Ontario, and persons who were caught bringing in goods were punished. I shall be told that the object of the Ontario law was restriction. But let me point out to honourable senators that the power to make such laws remains with the provinces; they still have the right to pass such legislation.

Right Hon. Mr. MEIGHEN: Will the right honourable gentleman permit me to interrupt?

Right Hon. Mr. GRAHAM: Yes.

Right Hon. Mr. MEIGHEN: The provincial right in regard to which he is speaking arose solely because of supplementary Dominion legislation which made potent the desire of the provinces to restrict the liquor traffic, the Dominion legislation going to the extent of preventing liquor entering a prohibition province from being used contrary to the laws of that province. But for the supplementary Dominion legislation the provinces would be utterly powerless. The same is true here. Without this supplementary legislation the provinces will remain powerless.

Right Hon. Mr. GRAHAM: I am pointing out what it is possible for the provinces to do. In that instance the provinces made a request for permissive legislation, as I understand my right honourable friend. I think in the present case also the provinces ought to be granted the permissive legislation for which they are asking. I want to make clear what actually occurred. While Ontario was called a prohibition province, it was not such in fact; it was a restricted-liquor-consumption province. Both Ontario and Quebec had control of the liquor business within their respective territories. What was the object of the legislation? One object or aim in Ontario was that no person in the province should purchase liquor except from the Government Commission. The object in Quebec was the same. I do not hesitate to say that one of the principal reasons for the legislation in both provinces was enhancement of provincial income through the sale of liquor.

But the Federal Government did not give the provinces the same powers that customs officers have with regard to the seizing of liquor. Before it could be touched by a provincial officer the liquor had to be within the province. I submit that one of the objects that had to be attained before the legislation became effective was that the provincial government should have control over all liquor sales in its own province. Provincial governments got that power and they have retained it ever since. They established liquor stores, and there was the farce—or partial farce, at least—of requiring a would-be purchaser to obtain a medical certificate.

Hon. Mr. LYNCH-STAUNTON: Is the right honourable gentleman quite sure about that? My impression is that the legislation to which he is referring was passed while the prohibition Act was in force in Ontario.

Right Hon. Mr. GRAHAM: I have now got along to the matter of doctors' prescriptions, and there is nothing I have said so far that I want to take back. In Ontario if a man had a doctor's prescription he could go to a Government liquor store and buy a bottle. Of course no honourable members had any experience with such things, but I was told that no man who had any pain at all was refused a prescription in Ontario. It is even said that some men got prescriptions on the strength of having premonitions of pain. But in the province of Quebec purchasers were not required to secure medical certificates.

Hon. Mr. POPE: They had no pains.

Right Hon. Mr. GRAHAM: There were liquor stores throughout the province of Quebec, where you could buy liquor without any permit or doctor's certificate. Now, if we looked upon the matter from a business point of view, without any prejudice at all, would it not be clear that one aim of Quebec—I am leaving my own province of Ontario out of consideration for the minute—was control of the sale of liquor through its own stores? That of course would not prohibit the sale of liquor at all, for a man could go to those stores and make purchases without any permit. The real object was to increase the income of the province. What I am doing now is pointing out what powers the prov-

inces have, and I also want to emphasize that under conditions no more urgent than those behind this resolution the provinces can get permission to do things that my right honourable friend says they would not have a right to do without such permission.

Hon. Mrs. WILSON: You cannot take liquor from one province to another.

Right Hon. Mr. GRAHAM: No. That law still holds good. A doctor's certificate is no longer required in Ontario, but instead a purchaser must have a permit. The law requiring a purchaser to have a permit does not reduce the sale of liquor; it adds to the provincial income, because a fee is charged for the permit.

So the provinces have gone a long way in the doing of things that it was never thought they had a right to do. If they had no constitutional right to do such things, I have grave doubts that the Federal Parliament could give it to them simply by passing permissive legislation. That liquor law is in force yet. While it is not enforced so strictly as it once was, it remains on the provincial statute books. Liquor cannot legally be taken from the province of Quebec to the province of Ontario, nor from Ontario to Quebec. If any honourable member doubts what I am saying, let him try to place a bottle of Ontario liquor in stock in a club across the provincial boundary.

As I was trying to explain a few minutes ago, we need not fear what will happen if the requested legislation is passed. The provinces and municipalities already have the right to prevent in large measure, within their respective territories, through the licensing system, the doing of business by outsiders. Of course such a licensing system would not bring in as much revenue as would a sales tax, but at any rate the preventive power exists, as I have been informed by a very eminent man. And let me read something that makes me think he is right. I have in my hand a by-law prepared by the city of Ottawa for requiring the taking out of licences by business men from Hull desiring to do business in Ottawa. This by-law was later amended, to be made stronger. I will read one section:

> No person, partnership or company engaged in or carrying on, or canvassing for orders in connection with, any of the classes of business specified in section 3 of this By-law and being resident outside of Ontario, and having no fixed place of business within the City of Ottawa shall engage in or carry on business, canvass for orders, sell, or offer for sale goods, wares or merchandise in the said city unless and until such person, partnership or company shall have procured a licence authorizing him, her or it to do so, and shall have paid to the Chief Constable, the licence fee hereinafter set forth with respect to such licence, and no such licence shall be issued until such fee has been paid.

The next section deals with the charges, and I will not read it.

That by-law was in force—I have not said enforced—in Ottawa for many months and was rescinded only on the 4th of this month, I understand. And I am told that the city of Hull had a similar by-law in force. In both cities wise counsel finally prevailed and the by-laws were rescinded; but no one has contended that these cities had not the right to do what they did. The by-laws must have been prepared and approved by able counsel in both cities before being passed. Lest some persons might say thoughtlessly that the by-laws were found to be illegal, and consequently were withdrawn, I quote from the minutes of the City Council of Ottawa. Under the heading "Interprovincial Licensing Bylaws" I find the following:

> Whereas, in order to bring about improved trading relations between the merchants of Ottawa and the citizens of the City of Hull;
>
> And whereas, the representatives of the City Council of Hull have indicated similar desires respecting relations between Hull merchants and citizens of Ottawa;
>
> And whereas the Hull City Council is prepared to take similar action as Ottawa does with respect to its licensing by-laws;
>
> Therefore, the Board recommends, on the advice of the Interprovincial Licensing Committee, that By-law No. 7830, respecting licensing of non-residents of Ontario who sell goods in the City of Ottawa, and amending By-laws Nos. 7984 and 8004, be rescinded, on the understanding that the Hull City Council has taken steps to rescind its by-laws affecting Ottawa merchants.

I have never heard it contended that the City Council was not competent to pass those bylaws. They were rescinded apparently because wiser counsels prevailed.

Does not this case meet exactly the situation described by my right honourable friend (Right Hon. Mr. Meighen), that while under the British North America Act a provincial government could not prevent the entry of goods from another province, it could, once they are within its boundaries, impose duties on such a prohibitive scale as to render their sale well nigh impossible? It strikes me that unless many of the leading lawyers in Ottawa and Hull are wrong, there prevails between provinces at the present time a condition similar to that which would prevail if this resolution were carried.

I am strongly of the opinion that for the purposes which my right honourable friend envisages the provinces do not need this proposed legislation at all, for, as far as I can

learn, they already have the power to issue licences and so control those who from any province may wish to enter another province and carry on business. In other words, the danger would not arise of nine different entities being invested with federal powers.

My right honourable friend is opposed to granting to the provinces the powers set forth in the resolution in the absence of the consent of their respective legislatures. I admit that under ordinary conditions to require such consent is not unreasonable. But we are not confronted with ordinary conditions. The Federal Government has for some years been trying to co-operate with the provincial governments in order to save them from bankruptcy, and I think that even if under these circumstances powers have to be given that ordinarily would not be given without the consent of the legislatures, the special circumstances amply justify the present course of action. All the provinces want is the right to collect more money. As I have already said, I think each province has the power to collect licence and other fees, but while these would discourage the entry of traders from other provinces, the revenue would not be sufficient to meet provincial needs.

During the depression the Federal Government has not stood strictly on its rights. Had it done so, several of the provinces would now be bankrupt. I say that advisedly. Under the British North America Act the Parliament of Canada is not required to take care of relief; that primarily is the duty of the provinces and the municipalities. But the Federal Government has said, "While it is not our duty to grant unemployment relief directly, the problem having become national in gravity and extent, we will make gifts and loans to the provinces on this account." Had the federal authority adhered strictly to the Constitution it would not have contributed anything. I think honourable members will agree with me that the only result would have been financial disaster, or perhaps something even worse. As I have said, this is not a theory, it is a condition, and governments, both federal and provincial, municipalities, business firms and private individuals have co-operated in a philanthropic effort to relieve the necessities of our people.

Now, this being the case, and the need being so urgent at the present time that the leaders of the various provincial governments have come to Ottawa and stated their requirements to the Federal Government, I ask honourable members: What should we do if such a case were put before us in respect of our own business? The provincial premiers have asked for power to impose a sales tax. If no action is to be taken until the legislatures of the various provinces have been convened to express their opinions, the Federal Government will have to lend the provinces more money, and at the present time the treasury is not over-supplied with that commodity. We are already taxed to the limit of our capacity, but as citizens and as legislators it is our duty to do everything in our power to relieve the wants of the people. It seems to me we shall be assuming a grave responsibility if we say, "We will not do anything until your legislatures have expressed their wishes in the matter." Here is an agreement arrived at by the federal and provincial governments on behalf of the people of Canada, many of whom are in want. So far as the Federal Government is concerned, the agreement has been passed by the House of Commons without a division, although I know a good deal of objection was expressed.

Right Hon. Mr. MEIGHEN: On division.

Right Hon. Mr. GRAHAM: We would not call that a real division.

Right Hon. Mr. MEIGHEN: The motion was not passed unanimously; it was opposed.

Right Hon. Mr. GRAHAM: Nobody went on record. In arithmetical terms it might be called "short division."

This agreement has been arrived at by men representing the nine provinces and the Dominion. The House of Commons, elected not so long ago, endorsed the action of the Government. This being so, are we not assuming a grave responsibility if, on the ground of problematical trouble, we veto an agreement arrived at in the manner I have described?

Hon. Mr. ARTHURS: Was this matter on the agenda of the meeting between the Dominion and the provinces?

Right Hon. Mr. GRAHAM: I think it was, but I do not know. I am not consulted about these agendas.

Right Hon. Mr. MEIGHEN: I understand it is not in the official report of the Conference.

Hon. Mr. ARTHURS: It was not on the agenda.

Right Hon. Mr. GRAHAM: It is not disputed that the agreement was made. Often at company and other meetings business is introduced which does not appear on the agenda. Sometimes the new business is the most important of all. Simply because the matter was not on the agenda it does not follow it was not dealt with.

I have been thinking over this matter very seriously because of what my right honourable friend stated might occur, but I cannot share his fears. I am convinced that what he described would be very problematical, and that the provinces and municipalities now enjoy practically the same rights to deal with those trade matters as would be given them under the proposed resolution. I would ask honourable members again what I have asked myself: Would you not be taking a graver responsibility in vetoing the agreement entered into by the representatives of all Canada, including the nine provinces, than you would be by concurring to help along this work of co-operation with all the people of the Dominion?

Hon. C. P. BEAUBIEN: Honourable senators, I surmise that the Government has changed its mind as to the nature and gravity of the resolutions now before us.

As to the second part of the resolutions there is, I think, little cause for quarrel. In granting the additional powers sought, the Government apparently sees a method of endorsing provincial loans without incurring too much risk. I doubt very much whether in the long run this will be to the advantage either of the provinces or the Dominion, but I give the Government full credit for doing its best to pull the provinces out of the financial mire pending the dawn of better days.

But if this proposed legislation passes, what will be the result to the provinces? To-day they are faced with the danger of insolvency. Indeed, one of them has already tasted the bitter punishment, so to speak, of past extravagance. If, however, the British North America Act is amended as proposed, will not the provinces be in a position to say, "When we have exhausted all our credit we shall surrender control of our finances, but thereupon we shall lean heavily on the Federal Government?" That, I am afraid, is what will happen. When they have given up all hope of further borrowing they will subscribe to the conditions imposed by the Federal Government, to avoid the danger of default, and will simply pass under its tutelage. Is there not serious danger that the creditors of the provinces may extend to them more credit than sane finance would justify? But let that pass. In my opinion it is of little importance in weighing the merits of the resolutions before us.

To my mind the first part of the resolutions is fraught with the greatest possible danger to Confederation itself, and I trust that upon reflection the Government will realize the danger that exists, and not press for the adoption of that part of the resolutions. I leave aside the fact that what the Government proposes is going to bring about a duplication of taxation, which, of course, is not desirable. I leave out of consideration the further fact that the Government is going to allow the provinces to impose what I may call hidden taxes. The provinces now have the right to impose direct taxation. Direct taxation is apparent, and a tax that is apparent is a very wise tax, because it brings home to every elector and every taxpayer the danger of accumulating debt. But I leave those facts aside and come to the devastating argument advanced against the resolutions by the right honourable the leader on this side of the House (Right Hon. Mr. Meighen).

It is necessary now to make clear the distinction between direct and indirect taxation, and with the permission of the House I shall cite two judgments lately rendered by the Privy Council, which, to my mind, establish beyond doubt the line between the two kinds of taxation. In 1927 the case of the Attorney-General of British Columbia vs. the Canadian Pacific Railway Company was submitted to the Privy Council. The province of British Columbia had placed a tax upon gasoline imported into or manufactured or bought in the province. The Privy Council declared that this was a tax which could be passed on and therefore was an indirect tax. A few years later the province, still wanting to levy a tax on gasoline, imposed a direct tax on every consumer of such commodity according to the quantity which he had consumed. Honourable members can see the difference. In this case the tax could not be passed on; it was paid by the consumer, and therefore was declared by the Privy Council to be a direct tax and, as such, within the jurisdiction of the province.

The right honourable gentleman from Eganville (Right Hon. Mr. Graham) has said: "Why the alarm? Why suspect that this legislation will cause annoyance and damage throughout the country?" I respectfully submit to him that he is quite wrong. He has cited the case of a municipality imposing a licence on traders from without its boundaries. I readily admit that a municipality has not the right to impose indirect taxation, but it has the right to impose a special licence tax upon a person who desires to sell within its territory. Is that not a direct tax? It is the most direct tax that can be conceived. The municipality says to the man who sells, "Come down to the City Hall, pay your tax and buy your licence." That is a tax which is imposed directly and which cannot be passed on.

Right Hon. Mr. GRAHAM: I am not sure of that.

Hon. Mr. BEAUBIEN: Of course my right honourable friend is correct when he says that certain direct taxes can be diffused, so to speak, and in that way be passed on. In other words, if a man pays a licence fee he charges a little more for everything he sells. But is there not all the difference in the world between a tax that now and then, and only to a limited extent, can be passed on, and one which is intended to be passed on and always is passed on?

The right honourable the leader on this side of the House cited the text of certain legislation just passed by the province of New Brunswick. What does it say? It says that every representative of a principal who lives outside of New Brunswick shall be taxed on the entire amount of business he does for his principal in the province of New Brunswick. What does that mean? It means that the principal, who lives outside of New Brunswick, will increase the price of his goods in order to absorb the tax, and that the merchant who sells those goods within the province will simply spread the tax throughout the province.

May I call the attention of the House to the fact that this legislation, in my opinion at all events, is ultra vires, because the tax can be passed on; and if the resolution allowing indirect taxation by the provinces is adopted, the road will be wide open, and taxes can be passed on without the slightest obstacle. If such is the case, and if the right honourable the leader on this side of the House, and those who share his opinion, should be right—I do not say they are, although I am convinced that they are—is the Government dealing with this matter in a proper manner? I speak without resentment, but I must say that the manner in which the Government has presented this resolution to both Houses has surprised me. If what is proposed should be right, it means that every province in this country can strangle trade at it borders.

Honourable members very well understand what will happen. How long can New Brunswick impose a tax on the people of other provinces who send their goods into New Brunswick, without causing retaliation? Are the great provinces of Ontario and Quebec, from which most manufactured goods come, going to stand by and see their goods mulcted every time they pass the frontier of the province of New Brunswick, or any other province for that matter, without adopting similar measures on their own behalf? This being so, are you not passing legislation which will have the result of disrupting Confederation? If you allow the provinces to retaliate against one another, where are we going to end?

Now that the dream of Sir John Macdonald has been realized, will you allow me to read to you a description of Confederation as he conceived it, and to ask you if we have a right to risk the monumental structure resulting from the skilful, powerful and patriotic Act of Confederation? Listen to what Sir John Macdonald said in 1865 with regard to what he hoped Confederation would accomplish. He said:

> I think it will so appear to the peoples of this country, that, if we wish to be a great people, if we wish to form—using the expression which was sneered at the other evening—a great nationality, commanding the respect of the world, able to hold our own against all opponents, and to defend those institutions we prize; if we wish to have one system of government, and to establish a commercial union with unrestricted free trade between people of the five provinces, belonging, as they do, to the same nation, obeying the same sovereign, owning the same allegiance, and being, for the most part, of the same blood and lineage; if we wish to be able to afford to each other the means of mutual defence and support against aggression and attack—this can only be attained by a union of some kind between the scattered and weak communities composing the British North American provinces.

That was the vision of Sir John Macdonald. If you reflect you will realize that it was possible only because he envisaged it against a background of free trade throughout the country. Destroy this background and you destroy Confederation; you throw the country back seventy years and break it up into small, insignificant units. I say to the Government: if there is the slightest danger of this, what right have you to submit resolutions which may shatter Confederation, without first having submitted them to the provinces and having them approved by their legislatures?

A school of thought which came into being a few years ago claims that Confederation should be more flexible. May I quote just a few lines from the evidence of a witness who appeared befor the special committee named last year by the House of Commons to study and ascertain the best means of amending the British North America Act?

> There is hardly any necessity of demonstrating the rigidity of our present written Constitution, and I could add of our unwritten Constitution, as both have been mentioned. This has resulted from the compact theory of Confederation, of which more will be said later on.
>
> The Federal House is even in a much worse position than the legislatures. Despite its often expressed inclination to do so, it can neither abolish nor reform the Senate. It

can affect the quorum of the Senate with the consent of the Senate, but not the quorum of the House. In changing the number of its members it is bound by fast rules, among others that Quebec must have a fixed number of 65 members.

The Imperial Parliament had to be resorted to for the appointment of a Deputy Speaker to the House and to increase the number of senators and their regrouping. Further, it cannot alter the most important provisions of the British North America Act, that is, the distribution of powers in sections 91 and 92.

That opens the door to other reflections which I desire to submit to this House.

Hon. Mr. MURDOCK: Would the honourable gentleman say who that authority was?

Hon. Mr. BEAUBIEN: It was one of the law clerks of the House of Commons, Mr. Maurice Ollivier.

In dealing with the problem of the transfer to Canada of the right to amend its Constitution, Professor Kennedy of the University of Toronto says:

I approach this problem as a practical problem, and I think we have got to get away from the idea that the British North America Act is a "contract" or "treaty." I do not want to go into that. But it is true neither in history nor in law. The British North America Act is a statute, and has always been interpreted as a statute. It is perfectly true that if you read cases on the British North America Act—we hear very frequently of the Quebec resolutions and such like—but the courts have interpreted the British North America Act uniformly as a statute.

Then he proceeds to his third point.

I am not concerned to discuss at the present time the method by which the B.N.A. Act can now be changed. I subscribe to what Dr. Skelton says in his evidence at page 38; but I would like to say this—I do not think there is the slightest necessity in law for the Parliament of Canada to consult the provinces in the process. It may be very good politics, but politics is not the law.

Hon. Mr. CASGRAIN: Do you believe that?

Hon. Mr. BEAUBIEN: I did not say I believed it. Later on Professor Kennedy, who is supported by Professor Rogers, says that a resolution passed by both Houses of Parliament would surely be assented to by the British Government.

I do not know whether it is necessary for me to recall to honourable members the opinion of the Fathers of Confederation as to the character of the British North America Act. However, it may not be amiss to quote again a few remarks made by Sir John A. Macdonald:

If any important changes are made, every one of the colonies will feel itself absolved from the implied obligations to deal with it as a Treaty, each province will feel itself at liberty to amend it ad libitum so as to suit its own views and interests; in fact, the whole of our labours will have been for nought, and we will have to renew our negotiations with all the colonies for the purpose of establishing some new scheme.

That was stated in 1865, prior to Confederation. May I now call attention to a judgment rendered by the Privy Council, in the Aerial Navigation case, in 1932? Lord Sankey said:

Inasmuch as the Act—

That is, the Act of Confederation.

—embodies a compromise under which the original provinces agreed to federate, it is important to keep in mind that the preservation of the rights of minorities was a condition on which such minorities entered into the federation, and the foundation upon which the whole structure was subsequently erected. The process of interpretation as the years go on ought not to be allowed to dim or to whittle down the provisions of the original contract upon which the federation was founded, nor is it legitimate that any judicial construction of the provisions of sections 91 and 92 should enforce a new and a different contract upon the federating bodies.

During the investigation that was made by the special committee of the House of Commons as to the best method of amending the British North America Act, those who thought that it could be or should be amended simply upon a joint resolution of this Parliament were in the minority. The great majority, I am happy to say, recognized the sacred character of Confederation. I feel bound to say that all the witnesses stated that minority rights in this country should be fully protected. Coming from the province of Quebec as I do, I thank all those witnesses. But there is a difference between minority rights which refer to race, religion or language, and provincial rights which come within section 92 of the British North America Act. As to those latter rights most of the witnesses agreed that there should be no amendment unless at least a majority of the provinces expressed consent through their legislatures.

But the select committee went very much further. Its members, realizing that they were on extremely dangerous ground, and feeling the weight of their responsibility, decided not to deal with this matter, but to leave it to a conference between the Dominion and the provinces. Could there have been a clearer avowal on their part that the Confederation agreement should be interpreted as a treaty? They recommended that the parties to the treaty should get together and discuss it. As honourable senators know, a Dominion-Provincial Conference was held a few months ago. What happened? All the provinces were represented by their prime

ministers and some other cabinet ministers, and I think I may say that a great similarity in political views drew those gentlemen very close together. But did they agree? No. They named a sub-committee, made up of representatives of the Dominion and of all the provinces, to study the question and report. I am not aware that a report has been made by them as yet.

I think it may be said that the Dominion Government, regardless of which party was in power, has always considered Confederation a treaty. It has been felt that no amendment should be made to the British North America Act unless the provinces agreed.

Hon. Mr. CASGRAIN: Every one of them.

Hon. Mr. BEAUBIEN: Now, honourable senators, here we are face to face with a proposal for one of the gravest and most dangerous amendments that could be made to the Confederation Act. The Government has the consent not of the legislatures, but of the provincial prime ministers, except one. It seems to me that it is not unreasonable to suggest to the Government that some of those prime ministers may be very glad to have additional sources of revenue made available to them. Some might be greatly relieved to have their doubtful legislation of the past validated. But has the Government any assurance that the legislatures would agree to what is being requested? Surely no province is more vitally interested in the terms of Confederation than is the province of Quebec. Is the Government sure that the Legislature of Quebec would agree to the proposed amendments? And is the Government sure that the country at large would agree if it understood the real purpose behind the amendments and realized their far-reaching consequences?

I feel that the more one studies these resolutions the more convinced one becomes that they must not pass. They cannot pass without entailing the gravest possible consequences. If the Government is wise it will not press their adoption by this House. The fact that there is a doubt as to the consent of the provinces is sufficient justification for submitting them to the legislatures. Should they agree to these amendments, then—and only then—would this House be relieved of the heavy responsibility placed upon it by Confederation. If there was one reason more than any other why this House was created at the time of Confederation, it was that the British North America Act required protection from an absolutely independent body. Minority rights and provincial rights were confided to its care. Here again may I quote Sir John A. Macdonald? I do so because no man was more respected, honoured, and loved in his time than was he. In our country we have had no greater statesman than Sir John A. Macdonald, whose conception of the Senate was this:

> To the Upper House is to be confided the protection of sectional interests; therefore is it that the three great divisions are there equally represented, for the purpose of defending such interests against the combinations of majorities in the Assembly. It will, therefore, become the interest of each section to be represented by its very best men, and the members of the administration who belong to each section will see that such men are chosen, in case of a vacancy in their section.

In closing I desire to address myself particularly to eminent lawyers in this House. I ask them whether or not the amendments proposed by these resolutions may have disastrous consequences for Confederation. Can any one of them, on either side of the House, at all events contend that there is no danger? If so, what is the duty of the guardian of Confederation? What is the duty of this House?

Hon. G. LYNCH-STAUNTON: Honourable senators, I desire to add a few words to what has been said in condemnation of this resolution. I am perfectly sincere when I say that it is immaterial to me whether such a resolution comes from a Liberal or a Conservative government. I think it is my duty to vote in the light of what I believe the law is, and with regard to the consequences that may flow from the resolution, irrespective of its origin.

My first objection to the resolution is that it is not regularly before us. I am not going to argue any question which my right honourable leader (Right Hon. Mr. Meighen) has argued. In my opinion anyone who does not agree with his argument is in invincible ignorance and beyond the possibility of conviction.

Right Hon. Mr. GRAHAM: Carried.

Hon. Mr. LYNCH-STAUNTON: It has been argued here that we should pass this resolution because it is proposed to us by the House of Commons, which has been freshly elected by the people. That is a wrong conception. If we pass the resolution it will be coming from us; we shall be joining, not following, the House of Commons. The resolution might have been originally presented here. We are not faced with a mandate from the people, because the question at issue was not before them. I have no confidence in mandates, anyway. Mandates are usually what the gentlemen who sit in the Privy Council conceive the people desire.

The passage of this resolution by the House of Commons does not influence me in the least. I notice that when it was put to a vote, every member who did not wear the Government harness voted against it. Had it been proposed by a Conservative administration it would have had no greater effect upon me, for I know that under the party system members of the House of Commons who support the party in power must vote the way they are told to vote. So what we have here is only an expression of desire of the Government—of the Cabinet. The House of Commons was never consulted about it at all; it was simply told to sign on the dotted line, and it did so.

We are here for the purpose of safeguarding the British North America Act and protecting the people by refusing to pass any proposed legislation which in our opinion is undesirable or likely to do injury to the country. We have been told that the reason the Government did not ask for an expression of opinion by the legislatures upon this resolution was that the proposed amendments would not deprive the provinces of anything, but would confer a benefit upon them. But I say, as the right honourable leader on this side said, that by passing this resolution we should be presenting each of the provinces with a sharp knife to be used for the destruction of other provinces. What possible benefit could the proposed amendments confer? None at all. If we gave the provinces the right to tax their own people indirectly, we should only be making another machine for extracting money from the taxpayers. The provinces can raise by direct taxation as much money as they could possibly raise by indirect taxation. So we should only be creating for them a smoke screen behind which they might hide. They have devised every possible means of fleecing the people under the present system, they have resorted to every possible scheme of taxation to cover their awful extravagance, and they now say that they dare not go any farther. The provinces say they want to be able to impose taxes which the taxpayers will not realize they are paying. I think it is most desirable to compel the provinces to raise all their revenues by direct taxation, for then the taxpayers will sit up and take notice. No one pays any attention to indirect taxation; but direct taxation compels attention, and those paying it are very critical of expenditures and will soon call a halt to extravagance. The people will be patient only so long as they do not know that they are being taxed. To give the provinces the right of indirect taxation is to encourage them in that reckless extravagance in which every province has indulged for the last twenty years. Just think of the Government of Ontario spending $54,000,000 a year! It is appalling.

An honourable gentleman has said that the people are starving. Well, where will each provincial government get the revenue to relieve that starvation? Each wants to take the money from the other provinces. Each province wants to milk the other. If it cannot do so it is no further ahead. The only power of any use to the provinces is the power to beguile their people into thinking they are not being taxed.

The right honourable senator from Eganville (Right Hon. Mr. Graham) said the provinces did not need this proposed legislation. If they do not, then we should not ask the British House of Commons to tinker unnecessarily with the British North America Act. The right honourable gentleman in support of his statement said the provinces had the power of imposing licence fees. I am not particularly clear about this power, but I do know it must be applied to everybody. For instance, no municipality in Ontario can say that a man may not sell goods in Ottawa because he is a Frenchman from Quebec.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. LYNCH-STAUNTON: The licensing law must apply to everybody. In other words, there is no power in a municipality to discriminate. That principle was settled long ago by the Privy Council in Virgo vs. Toronto, 1896 A.C. 88. The tax must apply to all. But as a police regulation a municipality may, for instance, limit the number of pedlars or of billiard halls or pool-rooms.

That, however, is not the point at issue here. The point is whether they can tax goods indirectly. A municipality or a province could always impose a poll tax, and in fact Ontario does so; but neither province nor municipality can tax half the people and let the other half go free. Persons may be required to take out a licence to carry on business. It is direct taxation of persons, not of goods. That is the point. I do not think the right honourable gentleman meets the argument when he cites that case. I think it is quite different from indirect taxation. If it is not—to quote him again—why should we pass this resolution at all?

Right Hon Mr. GRAHAM: Will my honourable friend excuse me? Perhaps he did not hear me correctly. I said that for the purpose outlined by the right honourable leader opposite, of taxing outsiders desiring to do business within a province, the provinces

did not need this proposed legislation; all they needed it for was to get more money.

Hon. Mr. LYNCH-STAUNTON: All taxing laws are for the purpose of getting more money. I do not wish to say the right honourable gentleman is not right, but I shall be surprised if there is any provincial legislation preventing interprovincial trade.

Right Hon. Mr. MEIGHEN: There cannot be any.

Hon. Mr. LYNCH-STAUNTON: No. I have known provinces to circumvent the British North America Act once or twice, and they may have done so this time.

My submission is that the proposed resolution would confer an additional power on the provinces, a power which the Fathers of Confederation, after debating it for four years, decided they should not allow. I do not think that after discussing this proposal for four days we are prepared to revoke their conclusion. They thought the Dominion could not stand if that disease were injected into the Constitution. I know that slavery, being a fatal disease in the Constitution of the United States, split the great Republic in twain, caused a loss of 500,000 of its citizens and nearly destroyed the Union. I shall hesitate long before I consent to vote for that which may set up a terrible distemper in our Constitution. If there is no strength or no coherence the Dominion may fail. We must be very careful how we meddle with our Constitution.

Hon. J. J. DONNELLY: Honourable members, when the right honourable gentleman who leads this side of the House (Right Hon. Mr. Meighen) was discussing this question, one week ago to-day, he made what, to my mind, was an unanswerable argument to show that this proposed resolution would result in such provincial legislation as would in effect allow each province to surround itself with a tariff wall. While listening to his argument my mind was carried back to a very strong speech, somewhat along the same lines, made in this Chamber less than a year ago by the right honourable senator from Eganville (Right Hon. Mr. Graham). At that time we were discussing the proper definition of the word "export." I shall take the liberty of reading part of his speech, for I know all his fellow members have the highest respect for his opinion. At page 437 of the Senate Hansard of 1935 the right honourable gentleman said:

> I am afraid that the effect of defining "export" so as to include interprovincial trade will be a very bad one. We shall probably see in some American newspapers the statement that the disintegration of Canada into provinces has begun. I do not believe that any province will ultimately gain by seeking to restrict trade with other provinces, because in the long run the people will not stand for that kind of thing.
>
> If some people have their way in getting this new definition attached to the word "export," we are likely to have before Parliament some day a proposition that each province should have a tariff of its own. Such a proposition has already been made in one province. This measure is a tariff in another form, because it is a restriction on interprovincial trade. If the time ever comes when all our provinces cannot deal with one another, it will be very discouraging to those who have devoted their lives to the ideal of a united Canada.

Right Hon. Mr. GRAHAM: Hear, hear. It was worth while repeating.

Hon. Mr. DONNELLY: Evidently the effect of the first part of this resolution will be to enable the provinces to increase taxation. I do not think that is desirable. Something along the lines of decreased taxation and expenditure would be much more appreciated by the people of Canada.

I understand that many communications have been received from boards of trade of different cities and from other business interests, asking that they be given an opportunity to present their views to the Senate before we dispose of this matter. In order to bring this about, I move, seconded by Hon. Mr. Gordon:

> That the resolution now being considered by the Senate be referred to the Standing Committee on Banking and Commerce.

Hon. J. H. KING: Honourable senators, it is not my desire to prolong this discussion, but it seems to me that we who are not constitutional lawyers are left pretty much up in the air by the technical arguments of our colleagues of the legal profession.

We have a problem to solve, and I think it is the duty of the Parliament of Canada to find a solution as early as possible and not continue the practice of the last three or four years, of meeting the difficulties that arise from day to day. We have so to arrange if possible, that our provincial and municipal governments shall be able to carry on the functions and discharge the duties allocated to them by the British North America Act. That is the problem. To solve it the Government, by this resolution, asks for amendments to the British North America Act which will enlarge the powers of taxation of the provinces.

The resolution also deals with the matter of loans to the provinces. During the last few years some $114,000,000 odd has been loaned to the Western Provinces. I find from talking to the man in the street that he is firmly

of opinion that if from time to time the Dominion Government is to come to the financial assistance of the various provinces, then there should be some form of agreement such as is usual among business corporations and private individuals when moneys are loaned or debts contracted. I think the public is of opinion that some means should be devised whereby the credit of the Dominion shall be protected in order that the Federal Government may assist the governments of the various provinces to perform their functions and discharge their duties.

I am speaking as one who has had some experience in the construction of public works in my own province of British Columbia. During last session the right honourable leader opposite (Right Hon. Mr. Meighen) argued very forcibly when piloting certain social measures through this Chamber, and advised that constitutional jurisprudence had changed very materially during the last few years. He cited the fact that when the Fathers of Confederation drew up our Constitution they had no knowledge and could not possibly foresee that the Parliament of Canada would have to deal with airplane and radio services, and with road construction necessitated by the rapid development of motor transportation. In the days of Confederation vehicles drawn by ox or horse were the only means of transportation, and their operations barely extended beyond the provincial boundaries. The nature of the roads and their cost of construction and maintenance corresponded with the slow and cumbersome transportation. To-day no one who has any knowledge of the tremendous expenditures which the provinces will have to incur within the next few years will for one moment suggest that those expenditures can be met out of the revenues from present forms of provincial taxation.

If this proposed resolution be referred to a committee, I hope and trust that the committee will not only canvass the wisdom of amending the British North America Act, but will also give careful consideration to the question whether it is within the financial ability of the provinces to maintain the services which were allocated to them at Confederation. In this connection I need mention only the cost of modern road building and maintenance. The administration of justice also entails very heavy expenditure. And let us consider how expenditures for educational purposes have increased since Confederation. In the early days the ordinary country school cost little to maintain. I believe the community maintained the schoolmaster, and only a small subsidy was required from the provincial government. To-day education entails tremendous expenditures. This burden has to be borne entirely by the provinces, and properly so.

Let me refer again to the cost of road construction. No one knows better than the right honourable leader opposite what this means, for in 1920 his Government introduced legislation granting $20,000,000 to the provinces for the construction of roads.

We know the Federal Government has set aside some millions of dollars for education. The field is not new.

When the provinces entered Confederation it was stated by Sir Alexander Galt, as will be found in the Confederation Debates, that the provinces should receive subsidies from the Dominion which would be "ample to provide for the administration of justice, support of education, grants to literary and scientific societies, and such other matters as cannot be regarded as devolving upon the Central Government."

Since Confederation the Government of the province of British Columbia has received in subsidies for the maintenance of education, hospitals, justice, pensions and relief, $12,732,000. What have those services cost the province? The cost of providing them has been $168,873,000. If it was understood that the subsidies were to maintain the services, as far as the province of British Columbia is concerned, there is a shortage of $156,140,000, the subsidies having paid not more than seven per cent of the cost. I believe a similar condition exists with respect to the other provinces in Canada.

We are also faced with the situation, and we cannot put it aside, that one of the provinces has indicated that it cannot meet its maturing obligations and may have to default.

Hon. Mr. LYNCH-STAUNTON: Does the honourable gentleman not think it would be a good thing if it did?

Hon. Mr. KING: I am not expressing an opinion on that, but I say that if one, two, three or four provinces were to follow, I should not be sure that the British North America Act would hold this Confederation together. I fear the danger that may result from brushing aside these proposals with a constitutional argument. I think it is dangerous to remain inactive and not to try at this session to find some remedy that will make it possible for these provinces to meet their obligations and rehabilitate their finances.

Hon. Mr. LYNCH-STAUNTON: Were we not guaranteeing their loans whenever they asked us to do so?

Hon. Mr. KING: Is that good business? It only reduces their credit and makes it more difficult for them to carry on, and in time it would embarrass the Dominion treasury. I think we are all fully seized of the fact that some action should be taken.

Many taxes of the kind referred to are being levied to-day. In British Columbia we have a gasoline tax. It may not be constitutional. It is in this position: when a brilliant lawyer said he would not pay the tax, the Government did not take him into court. We also had a meal tax in British Columbia: when a customer refused to pay it, the Government did not dare proceed against him for fear of jeopardizing other taxes. Take the theatre tax: that is not direct tax; it is secured indirectly. The theatre is asked to have its man collect the tax for the Government. If the Government were taking the tax directly it would have its own official, with a box in the theatre. But it cannot do that. That would be too expensive. The same is true of the gasoline tax. The Government does not take the tax directly from the customer. The vendor of the gasoline acts as the agent of the Government. The city of Montreal, the great metropolis of this country, is taking from the customers a direct tax which will amount to $5,000,000.

Hon. Mr. DANDURAND: Collected by the retailers.

Hon. Mr. CALDER: From the consumers.

Hon. Mr. KING: They act as agents for the Government.

Right Hon. Mr. MEIGHEN: It is a direct tax on the consumer.

Hon. Mr. KING: I am not eager to enter into any argument, for I am not a constitutional lawyer; but as a citizen of British Columbia and of Canada, and as a member of this House, I want to impress upon honourable senators how serious will be the whole situation, not only provincially but federally, if we allow matters to continue as they have been for some time past.

Right Hon. ARTHUR MEIGHEN: Honourable members, it is with some hesitation that I venture to ask the indulgence of the House for a few moments more. In doing so I certainly have no intention of duplicating what I endeavoured to expound the other night. My purpose is, rather, to meet and clarify, if I can, a point made by the right honourable senator from Eganville (Right Hon. Mr. Graham) which well deserves to be answered. I am not intimating that anything which has been said is not worthy of reply, but I think as I answer the right honourable senator from Eganville the honourable senator who has just taken his seat (Hon. Mr. King) will see the great distinction, basic, fundamental and permanent, between the character of tax now possible and the character and effect of the tax which would be possible if this proposal were adopted.

Before doing that, however, may I make one exception? May I emphasize, for fear it has not received the attention it merits, the argument advanced by the honourable senator from Ottawa (Hon. Mr. Coté) the other night?

The question is not whether taxes are needed or not. Certainly they are needed—sadly needed, distressingly needed, as they always will be so long as we are a democracy. But has not our main problem for years been the duplication of taxation by provinces and Dominion? How many debates have we not had in the two Houses as to effecting some method of eliminating this duplication; not necessarily of reducing taxation, but of eliminating the duplication and the enormous expense and trouble incurred by it? Any in this House—and I know there are many—who have had such experience as I have had of the multiplicity, the plethora, the terrible abundance of returns which must be made to this government and to that, would have some idea of what this awful duplication means. In the larger institutions of our country there are departments that do nothing but prepare government returns.

Are we now moving along the line of eliminating this duplication? No. We are multiplying it; we are carrying it into other fields. Why not divide the fields? Would it not be economy to do so? Would there not be simplification, and would there not be an unloading of the terrific burden that now rests on business? Why did I get no attention from the honourable senator from Kootenay East (Hon. Mr. King) when I made the suggestion that we retire wholly or in part from the income tax field? When Sir Thomas White reluctantly agreed to that tax he warned the country that in adopting it we were entering a field hitherto reserved to the provinces. If we made a mistake, let us retire, even if we have to put on an additional sales tax—an indirect tax. Is not that method far simpler and more economical? Why carry the curse of duplication into every sphere of taxation?

So much for that. I now come to the point I really want to answer. I tried the other night to make the argument that by passing this resolution and obtaining the amendment asked for we enable the provinces to discriminate between their own resi-

dents and traders from outside who seek to do business within the provincial domain. We enable the provinces to do that to the extent of completely shutting out the outsider.

Hon. Mr. DANDURAND: The outsider, or his goods?

Right Hon. Mr. MEIGHEN: His goods, certainly. That is what I mean. They can shut them out or make the tax so high that the goods will rot on the shelves. The right honourable senator says they can do that now. He says a city like Ottawa can impose a licence on an outsider from Hull, for instance, and has done so. That is quite true. The city of Ottawa can impose a licence on an outsider who comes in to compete with an Ottawa citizen who pays taxes which the outsider does not pay. But that can be done only to this extent: First, there must be no discrimination among those outside; outside of Ottawa the tax must be of universal application. Second, it can be done only to the extent of regulation; it cannot go to the extent of exclusion. This has been established by decision after decision. Thirdly, it can be done only to the extent of equalizing what the outsider pays with what the resident pays. It can go no further. The power to discriminate is distinctly non-existent. No city, no municipality, can discriminate.

Under what is proposed discrimination can run rampant—New Brunswick to-day, Alberta to-morrow.—No; Alberta the day before yesterday, for it discriminates already. New Brunswick says: "If a company owned in Ontario or Quebec comes into our province to sell its goods, they are going to be taxed beyond what the people of this province have to pay." The Provincial Legislature can put on a tax of 20, 30 or 40 per cent and thus make it impossible for outsiders to trade in the province of New Brunswick. Alberta can do the same thing. Should New Brunswick go further and say, "If some firm in Montreal wants to build bridges or roads in this province, we will collect a share of everything it gets for its contracts," where is interprovincial trade going to be?

Now I come to the last point. The right honourable senator from Eganville says: "It is very problematical whether anything like that would happen. I cannot believe the provinces would act in such a non-commonsense way." My answer is that they are doing it. And I press this fact upon the right honourable senator from Eganville: When he votes for this Address he votes for the New Brunswick legislation; he validates it. He is putting his signature to the legislation, because by this Address we are declaring to be legitimate, legal and intra vires all the legislation already passed.

Hon. Mr. DANDURAND: Which is claimed to be intra vires now.

Right Hon. Mr. MEIGHEN: No. If it is intra vires now, why are we asked to legislate retroactively? It is because the Government believes it is not intra vires that it asks us to take this step. No lawyer with any respect for his reputation would suggest that that New Brunswick statute is intra vires. It is as far from being intra vires as anything that could be conceived. It is indirect legislation of the plainest type.

Then the right honourable senator says: "Why, the provinces can tax now. But it is rather awkward, for they have to tax the consumer by making the seller the agent of the Government in collecting." But what is awkward about that? When you tax the consumer you tax without discrimination. You cannot distinguish the consumer who buys goods produced in Quebec from the consumer who buys goods produced in New Brunswick. The tax has to be universal throughout the province. That is the distinctive feature, and it is a vital one. It is such that if we shut our eyes to it we shall be blind to our duty as legislators. So long as the provinces are compelled to tax the consumer direct, as they are now, they cannot discriminate and thereby destroy interprovincial trade. If we put our name to this Address we authorize them to keep out goods from other provinces at will, and we ratify Acts that they have already passed to this end. I ask this House not to be guilty of conduct of that kind.

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

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

THE SENATE

Wednesday, May 27, 1936

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

Prayers and routine proceedings.

PRIVATE BILL—INDEPENDENT ORDER OF THE SONS OF ITALY

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Lacasse for second reading of Bill N2, an Act to incorporate The Independent Order

of the Sons of Italy, and the amendment moved by Hon. Mr. Hardy that the Bill be not now read a second time, but this day six months.

Hon. J. A. CALDER: Honourable members, when yesterday I moved the adjournment of the debate on the amendment of the honourable senator from Leeds (Hon. Mr. Hardy) I did so in order that we might have an opportunity of giving a little further consideration to the step—in a sense, the summary step—that it was proposed we should take. Many questions are raised by this matter, but I am not going to dwell on them at all. The proposed measure is a private Bill, and in my view it should go to the Private Bills Committee. I understand it is not customary to kill a measure of this kind at this stage. If the honourable gentleman wishes to have the Bill defeated, he will have ample opportunity to move to that effect later on. The more I think over the matter the more convinced I am that there should be a reference to the Private Bills Committee. We cannot tell what may happen there. In view of what has already taken place in this House, there is a possibility that the promoters of the measure may consider it advisable to withdraw it.

There is only this consideration that I should like to leave with honourable members. We should act carefully in the matter. For long years the Italian nation was on the most friendly terms with Great Britain and all the Dominions. It was one of our Allies in the War. Who can say what conditions may exist three, four or five years from now? It may be that we shall be very strongly desirous of another alliance at that time. The situation referred to yesterday by my honourable friend from Leeds has, I think we will all agree, been created largely by one individual, who may or may not be on the scene a little later on. No one can tell. If he is not, the whole course of Italian policy may be changed. However, I do not wish to say more about that aspect. I feel very strongly that we should let this Bill take the course that is ordinarily taken by private bills; that is, it should go before the Private Bills Committee. When we have that committee's report we can take drastic action if we should find it necessary. I certainly would suggest to my honourable friend from Leeds the desirability of withdrawing his amendment at this stage.

Hon. A. C. HARDY: Honourable senators, needless to say, I do not wish to find myself the centre of international complications, nor do I desire to involve the Senate of Canada in such a contretemps. After listening to the measured words of the right honourable leader on the other side of the House (Right Hon. Mr. Meighen) and to those of the honourable senator from Saltcoats (Hon. Mr. Calder), I desire, with the consent of my seconder (Hon. Mr. Sharpe), to ask for permission to withdraw my motion.

The amendment was withdrawn.

The motion of Hon. Mr. Lacasse was agreed to, and the Bill was read the second time.

BRITISH NORTH AMERICA ACTS

PROPOSED JOINT ADDRESS— DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Dandurand:

That the Senate do unite with the House of Commons in an Address to His Most Excellent Majesty the King, praying that he may graciously be pleased to give his consent to submitting a measure to the Parliament of the United Kingdom of Great Britain and Northern Ireland to amend the British North America Acts, 1867 to 1930, and the British North America Act, 1907, and that the Senate do insert in the blank space therein the words "Senate and,"

and on the motion of Hon. Mr. Donnelly that the said motion and Address be referred to the Standing Committee on Banking and Commerce.

Hon. W. A. GRIESBACH: Honourable senators, during the course of this discussion probably all that can be usefully said at the present time has been said, with the possible exception of reference to legislation recently enacted in Alberta, which province I have the honour to represent in this House. But before I discuss that legislation I desire to refer briefly to one or two other matters.

A few days ago we listened with interest to an address by the honourable gentleman from Parkdale (Hon. Mr. Murdock), in which occur these two striking observations, both of which I am inclined to think are in some measure correct. I am quoting from page 324 of the Senate Hansard of May 19:

Well, I think I am not exaggerating when I say that 85 per cent of the people in every province of Canada have said, "To H— with the British North America Act!" when on various occasions they have found it standing in the way and preventing the doing of things that should be done for their benefit and the benefit of Canada. I prophesy that if this Senate takes upon itself the responsibility of saying, "Nay, nay, we cannot and will not pass this resolution," the Canadian people will have an additional, concrete and definite reason to clamour for the abolition of the Senate.

As I said a moment ago, I think there is perhaps a measure of truth in both observations. Nevertheless it is a sad commentary upon our democracy and our system of education if 85 per cent of our people know very little about and care somewhat less for the Constitution under which they live.

Hon. Mr. MURDOCK: I rise to a point of order. Did I understand the honourable senator from Edmonton to refer to the blast of the honourable senator from Parkdale?

Hon. Mr. GRIESBACH: No; I said speech. It was, I understand, a speech.

Hon. Mr. MURDOCK: I beg the honourable gentleman's pardon.

Hon. Mr. GRIESBACH: The more I study the British North America Act, the more my admiration grows for it and for the great men who some sixty-nine years ago crystallized their labours in that great document. The British North America Act has been in effect long enough to enable us to contrast it with, say, the Constitution of the United States. The contrast is on all points most favourable to our own Constitution. For instance, with respect to the maintenance of law and order, let us consider the wise provision whereby the Parliament of Canada enacts the criminal law and the provinces enforce that law. Therein will be found an example of check and balance which has worked most satisfactorily. Then there is the provision whereby the legislatures provide the courts throughout the provinces and the Federal Government appoints and pays the judges. That provision also has worked out extremely well, and our judiciary enjoy the deepest respect of the public for the integrity and skill with which they administer our criminal and civil law.

As one reflects on the smooth operation of our Constitution over a period of nearly seventy years, one may well be pardoned for wondering whether to-day we have statesmen capable of drafting such a notable document, or whether we have a public opinion which would endorse it.

There is another fundamental principle running through the Constitution, a principle based upon sound common sense, that individuals and goods may move freely throughout our country from one province to another. It is impossible to imagine a Confederation in which there can be any barriers to freedom of trade.

The right honourable gentleman from Eganville (Right Hon. Mr. Graham) last night discussed the powers of municipal councils to pass by-laws interfering with trade and business between cities in two different provinces, and he concluded by pointing out that a reciprocal arrangement had been come to for the withdrawal of such obnoxious by-laws. However, I think the right honourable gentleman missed the point. The point is, it seems to me, that both these communities, regardless of what their legal powers may be, had come to the conclusion that their legislation was not only unwise, unsound and foolish, but inconsistent with a sound relationship between provinces and between neighbouring cities in different provinces.

The honourable senator from Parkdale (Hon. Mr. Murdock) in his second statement said that if we opposed this resolution we should be providing material for an attack upon, or an agitation for the abolition of, the Senate. The whole of the discussions preceding Confederation, and the writers upon the subject, agree in declaring that the special task and duty of the Senate is to watch over and protect the rights of provinces, and their relations with one another. If this Senate has any duty at all it is to amend, to revise, and, if necessary, to reject legislation from the Lower House. That is its job. If it can be said that over a period of years the Senate has acquiesced in all the legislation that has come from the Lower House, that it has made of itself a rubber stamp by merely approving of the legislation from the Lower House, that would be the soundest possible argument for its abolition. It seems to me, therefore, that in this case it is not only our right but our clear duty to intervene.

Now I come to discuss the Alberta legislation, in which I am particularly interested. My right honourable friend the leader of the Opposition (Right Hon. Mr. Meighen) placed before us the other night the legislation passed by the province of New Brunswick. Three things may be said with respect to that and the Alberta legislation: in both cases parts of the legislation are ultra vires; in both cases the legislation so passed would be legalized by the passage of the resolution before us; and in both cases a fundamental principle of our Confederation is violated.

The Act to which I refer is known as the Ultimate Purchasers' Tax Act, passed by the Legislative Assembly of the province of Alberta, coming into effect on the 1st day of May instant. This Act, while its wording is peculiar in different places, purports to put a 2 per cent tax on sales of certain commodities in the province of Alberta, excepting, of course, liquors, tobaccos, and some other commodities. This 2 per cent tax, which applies to nearly all sales that can take place in that province, is to be levied upon the consumer.

I am not in a position to say whether or not this legislation is ultra vires of the Legislature. Probably it is intra vires. I think the Legislature has, under the existing law, the right to place a direct tax upon the consumer. We seem to be agreed upon that.

I am not going to weary the House with a discussion of the difficulties this measure is causing purchasers, consumers, vendors and the like, or the annoyance, trouble, and loss of money it is occasioning. That may be discussed in another place.

I cannot say whether the Governor in Council of the province of Alberta has the power under this Act to pass the regulations which have been passed, but I am going to draw the attention of the House to section 21 of the regulations for the working of this Act and the imposition of this 2 per cent tax on sales in the province. Section 21 says:

> Where a purchaser residing or having his place of business outside an exempt area in the province purchases any commodity for use or consumption within the province from a vendor residing or having his place of business outside the province or in an exempt area, the purchaser must pay the tax on such commodity direct to the Sales Tax Branch within three days of the receipt of such commodity.

The Bill provides that, by Order in Council, certain areas may be made exempt from the operation of the law; and by the regulations the town of Lloydminster is made exempt. That is so because the town of Lloydminster extends on both sides of the interprovincial boundary. In the Bill provision is made for other exempt areas. Leaving out the words "exempt areas," one may read that section in this way:

> Where a purchaser residing or having his place of business in the province purchases any commodity for use or consumption within the province from a vendor residing or having his place of business outside the province, the purchaser must pay the tax on such commodity direct to the Sales Tax Branch within three days of the receipt of such commodity.

The effect of that regulation is just this. If a person living in Alberta, or a resident of Alberta who is temporarily outside his own province, purchases an article in any other province of Canada for his own use and not for resale, and brings that commodity into the province of Alberta, or if a resident of Alberta sends to another province for any article and brings it into the province, he is required by the regulations under this Bill to pay a 2 per cent tax. Now, that is as distinctly a tariff as any tariff can be.

Hon. Mr. LYNCH-STAUNTON: Is that a tax on him or on the article?

Right Hon. Mr. MEIGHEN: On him.

Hon. Mr. GRIESBACH: It is a tax on him in respect of the article he brings in from another province. That is to say, it is a tariff upon goods brought from other provinces of Canada into the province of Alberta. That legislation will be validated if we pass the resolution now before us.

Hon. Mr. DANDURAND: But did not the honourable gentleman say that this was a direct tax, and intra vires of the province?

Hon. Mr. GRIESBACH: I would say that the legislation is intra vires of the province now. I am not prepared to say that under the Act the Governor in Council has the right or power to pass this regulation. But the Government has done so, and is now busily engaged in collecting the tax wherever it can find the goods, and hordes of inspectors are busily engaged in looking for the goods. If we pass the resolution before us now, by its very terms we shall validate this Act.

Hon. Mr. DANDURAND: If it is not already valid.

Hon. Mr. GRIESBACH: We cannot validate that which is already valid. We shall be validating something that is now invalid and contrary to the Constitution. That is the danger we should be running in passing this resolution.

I wished merely to bring before the House the situation prevailing in the province of Alberta, as my right honourable friend and leader brought before us the situation prevailing in New Brunswick, and to suggest that if we pass this resolution validating certain legislation passed in these two provinces, and all legislation of the same kind that may be passed in future, we shall be faced with the condition against which my right honourable leader has warned us. That is, we shall have nine provinces surrounded by tariff walls. That would be contrary to our Constitution, and, what is worse, contrary to common sense in such a Confederation as ours.

Hon. JOHN T. HAIG: Honourable senators, I do not intend to take up much time. First I want to register a protest. As I come from a provincial legislature where protests are in order, it is perhaps only meet that I should make a protest in this House. The statement of the honourable leader of the Government and that of the right honourable leader of the Opposition were undoubtedly made in good faith, but I find that if a senator who is not a member of a committee goes to one of its meetings, it is just too bad for him. Being present at a committee this morning, I asked a question and was told to wait till a committee member got through. When that

member had finished, the Chairman asked if any other member of the committee had any questions. He asked, not "Has any senator a question?" but "Has any member of the committee a question?" That clearly ruled me out. I protest against that.

I likewise protest against this Bill being sent to the Banking and Commerce Committee, of which I am not a member. I submit that my right to consider this Bill and to hear representations on it in committee is as good as that of the senator who is senior in point of years of service, the honourable leader of the Government (Hon. Mr. Dandurand). His right is exactly the same as mine; no more, no less.

I object most strenuously to not having a perfect right to get up in any committee at any time and ask any question I like. Should I happen to be out of order because of using bad manners, it is not the duty of the chairman to tell me so: the pity is that my father and mother did not properly train me. I demand the right to ask questions in a committee. I want it known that if this Bill goes to the Banking and Commerce Committee, as I presume it will, I shall have the same right as any other senator to ask questions of any witness there, and neither the chairman nor any member of the committee will have any right to stop me from doing so. I want to have an understanding about that before the Bill goes to committee.

Hon. Mr. DANDURAND: Honourable senators,—

Hon. Mr. HAIG: I have not finished speaking, though I am through with my protest.

I read with a great deal of pleasure the address of the right honourable leader of the Opposition (Right Hon. Mr. Meighen) in this debate. There is a clear demarcation between the stand he takes and the stand of the Government as expressed by the honourable senator from Kootenay East (Hon. Mr. King).

The proposal is to amend the British North America Act. True, there have been a number of amendments since 1867, but without exception they have been of a minor character. For instance, one amendment increased the number of senators for Western Canada from 16 to 24. Originally, at Confederation, there were three senatorial districts, each represented by 24 members. As the Western Provinces came in or were formed they were given four members each, and in 1915 or the following year an amendment was obtained to the British North America Act to provide that each of the four Western Provinces should have six senators. In other words, the West was then made to form a senatorial district. That and the other minor amendments to which I have been referring were such that no province would object to them.

But if I read correctly the British North America Act and the history concerning it, that Act was a contract or compact among the four original provinces of the Union. I am persuaded from reading history and from meeting people of Lower Canada that the Fathers of Confederation never would have agreed to the British North America Act if they had for one moment thought that an important amendment could be made to it simply on the petition of the Senate and the House of Commons.

As respects the unity of our country, we as senators have a duty to perform such as seldom falls to the lot of legislators. I refer to our duty to represent and protect minorities; not minorities in religion or language, but minorities in population. Why should the Maritime Provinces have 24 senators as against 26 members in the House of Commons, Ontario 24 as against 82, Quebec 24 as against 65, and the Western Provinces 24 as against 71? Simply because it was intended that the different sections of the country should be equally represented here, regardless of population. The Maritimes and the West have as many senators as have the central provinces, with their comparatively huge populations. I think we should take very seriously our duty of guarding the rights of the provinces. We should be very careful to make no move towards amending our Constitution unless we are clear that it will not have an injurious effect upon any province.

Now, I am persuaded that there is not a province in Canada which would agree to the second clause of this resolution, although I understand Saskatchewan has said it is in favour of the proposed Dominion Loan Council. What does this resolution say? It simply says that we as a Dominion do not trust the provinces; that before we will back one of their notes we want a lien on subsidies coming to them. It further says that in each case it is the consent not of the provincial government but of the provincial legislature which shall govern. If this amendment requires the consent of the legislatures, why is not the consent of every legislature in Canada signified to us? I am convinced, honourable members, that the Legislature of Manitoba, for instance, would never agree to the second half of this resolution. It said so last winter. The Leader of the

Opposition there challenged the Government with this question: "Do you as a Government believe that this Loan Council proposal should be proceeded with?" And the First Minister of that province said: "We have never agreed to it. We have never agreed to come under it." The Loan Council provision of this resolution simply means that the Dominion Government does not believe in the promise of the provinces. The Government says, in effect: "We are not going to trust Manitoba, or Saskatchewan, or Alberta, or British Columbia. Before we take a note of a province we shall demand an assignment of moneys coming to the province."

The other part of the resolution is very much more serious. I cannot add anything to the points made by the right honourable leader of the Opposition (Right Hon. Mr. Meighen) in his first speech on this resolution, and again last night. I am not able to present those points half as well as he did. But I want to emphasize that the business people of this country are opposed to this tax amendment. If we desired to help the provinces it would be better to do what the right honourable member suggested—to earmark a portion of our income taxes for the purpose. I think that about $5,000,000 was collected in income taxes from citizens of Manitoba last year. The Dominion could say to that province: "We shall earmark that money for you to the extent of your unemployment relief, but when you no longer have unemployment relief we shall keep all the money." I understand that last year the Dominion income tax produced a total revenue of approximately $77,000,000. If that revenue were not sufficient to pay for all unemployment relief of the country, the Dominion Government would have to impose further indirect taxes; but such taxes would be on all the people of the Dominion.

I am a Westerner, but I was born in Ontario. I say to the people of that province, and to the people of Quebec, that, whether you like it or not, you will never have much prosperity unless the Prairie Provinces and the Maritime Provinces are prosperous too. The difficulties and problems of the West concern the East as well. If you want the country to hold together you will have to play fair with the Western Provinces. True, you have given us $114,000,000 in the last six years, but we had to have it or go down. The other day I sat next to the Prime Minister of Manitoba at a banquet. He said to me—I hope honourable senators will pardon the personal reference: "Haig, you are pretty lucky to be out of this political turmoil. I can balance my budget this year without providing for unemployment relief." Let us take the income tax that we collect from Manitoba, for instance, and earmark it to be used in helping that province out of the depression. If Manitoba does not come back, if Saskatchewan, Alberta and British Columbia do not come back, Canada will not come back. And what good would the bonds of Canada be if about one-third of the whole country were unable to make a recovery?

I believe that if the business people of Canada understood the indirect taxation provision of this resolution they would be unanimously opposed to it, regardless of their politics. And any person who makes a purchase, however small, will object to paying two sales taxes. I do not know whether my honourable friend from Edmonton (Hon. Mr. Griesbach) has been home recently. If not, he may be unaware of just what is going on in his province. I saw some men from that city and they told me: "There is a regular racket in Alberta with regard to the sales tax that the province is trying to impose. It has caused more dissension and more trouble than any other piece of legislation." Is it not likely that Saskatchewan, on one side, and Manitoba, on the other, will pass retaliatory legislation if this resolution goes through? Already in the city of Winnipeg there is a feeling of dissatisfaction on account of the legislation to which the honourable senator from Edmonton has referred.

Now, honourable senators, I will not take up any further time. I think the resolution should be sent to a committee to which members of the public may have access in order to be heard. In my opinion the indirect taxation amendment ought to be rejected without our hearing any evidence upon it. If I could do so I would vote right now against that amendment. As to the provision respecting loans, why should not the Federal Government repose in the provinces the same trust that it expects the world at large to repose in them? Why should the Dominion insist that before it guarantees a provincial loan it must have security of a kind that the provinces are not required to give to other creditors? Take the province of Alberta. It owes to the public $160,000,000, in round figures. If we passed this resolution and Alberta wanted a federal guarantee for a loan of $10,000,000, for instance, the Government could say: "We require in return for our guarantee that you give us a lien on your subsidy, or on your school lands, or on other assets or moneys coming to you." Why should not Alberta's creditors in general have the

same kind of security that the Dominion demands?

Hon. Mr. LYNCH-STAUNTON: Can the Dominion not now make such a bargain with Alberta?

Hon. Mr. HAIG: I have thought of that a good deal, but I am not sure whether it can. Under the British North America Act the Dominion is required to pay a subsidy to each province on a per capita basis, and this might be withheld. I presume the Federal Government might also withhold the $5,000,000 which the arbitrators found due to Alberta. But I do not think the Federal Government would take such an arbitrary course, for it would arouse a very bitter political issue.

If the provinces are willing to have this proposed loan legislation enacted, and will so declare through their respective legislatures, I shall vote for it. In the absence of a declaration by the provinces I shall vote against the proposal.

I shall vote against that part of the resolution dealing with indirect taxation, because, like my right honourable leader, I think it goes to the very roots of Confederation. We have only to read what Macdonald said during the pre-Confederation debates in order to realize that that was the fundamental issue. Undoubtedly that is one of the essential things which would have to be dealt with if we were negotiating with the provinces.

My honourable friend from Kootenay East (Hon. Mr. King) has referred to the increased cost of education and other provincial services. Thirty years ago the total estimates of Manitoba were $500,000, to take care of a population of about 300,000. This year the estimates total $14,000,000, and the population is about double—700,000. The expenditure in every province has during the same period increased probably in about the same proportion.

But that is not the issue before the House. The issue is whether we are to have two forms of taxation in each province and throughout the Dominion. I submit that so far as the provision for indirect taxation is concerned we do not even need to refer the resolution to a committee; this House should wipe it out.

Hon. GEORGE LYNCH-STAUNTON: With the consent of the Senate I should like to refer to the statement of the honourable senator from Edmonton (Hon. Mr. Griesbach). He appears to concede that the Alberta Act is intra vires. I have had no opportunity to consider the measure, but I think its validity is at least arguable. The British North America Act provides that no obstruction shall be placed in the way of interprovincial trade. I do not think any honourable member would contend that municipal authorities could impose a tax on certain goods passing from one selected township or county to another; and in my appreciation of the law there is no difference at all between that more or less local trade and the movement of goods from one province to another, because for trade between provinces the boundaries are obliterated; the provinces are all one. At least my contention will appear plausible to some persons. I am confident it will be generally agreed that the Alberta Act is mischievous, and that we should not assume it to be intra vires when we are considering this resolution. Certainly if we are opposed to any such legislation, then, for that if for no other reason, we should reject this resolution.

Hon. F. B. BLACK: Honourable senators, I must refer to the remarks of the honourable gentleman from Winnipeg South Centre (Hon. Mr. Haig). I have for some little time been chairman of the Committee on Banking and Commerce. If he or any other honourable senator thinks it is an easy job to keep things running smoothly in such a large committee, with numerous witnesses and members in attendance, I would suggest that a closer acquaintance with the work would quickly dispel the illusion.

I must call attention to this fact, that on one occasion when the honourable gentleman was present at a meeting of the committee I assured him that every senator had a right to address it. So far as I am aware, no honourable member has been prevented from expressing his views before any committee of which I have been chairman. I am perfectly willing to accept the opinion of the Senate as to whether or not our committees have been conducted fairly.

I am sure that if my honourable friend had been longer a member of this House, and had sat in the Banking and Commerce Committee or in any of our other committees, he would realize the absolute necessity of asking each member to speak in turn. Without the observance of such a rule we should get nowhere and confusion would be worse confounded. No honourable member has been treated discourteously. It has been my policy to give everyone in turn an opportunity of expressing his views, and to protect him against interruption. While I continue to preside over the Banking and Commerce Committee I shall conduct its proceedings in precisely the same way.

Hon. J. A. CALDER: I remember an occasion when after attending all the meetings of, I think, the Banking and Commerce

Committee and taking a very active part in all its proceedings, I finally voted on the motion under discussion. If I am not mistaken, my vote created a tie. Only then was my attention called to the fact that I was not a member of the committee, and therefore not entitled to vote. In my experience every honourable senator has always been privileged to attend and take an active part in the proceedings of any committee of this House, and to put questions to witnesses.

Now, addressing myself to the resolution under consideration at the moment, I intend to speak only for a very short time, simply because I am not a member of the Committee on Banking and Commerce and probably shall not be able to attend all its meetings while it is dealing with the resolution.

There is no question at all that the problem we must solve is a very serious and, to some extent, a very difficult one. I am quite sure that without further consideration we may all take it for granted that Canada, from ocean to ocean, is in a terrible condition financially. There is no use in wasting our time discussing that phase of the situation. Several of our provinces are next door to bankruptcy—and it may be only a year or two hence when the Dominion itself will be next door to bankruptcy unless there is a change in the economic conditions of the world.

Right Hon. Mr. MEIGHEN: A change of government.

Hon. Mr. CALDER: That being the situation, there is no question as to the need that now exists for making some arrangement whereby the provinces may, at least for the time being, be helped out of the financial hole in which they find themselves.

I think the committee to which this resolution is to be referred should take the greatest care not to commit the country to a permanent arrangement. This situation which confronts Canada and the world to-day is not going to last for ever. It may be over, or largely over, within a period of five years. Yet it is proposed to make an essential amendment to our Constitution for practically all time. That is wrong. I should very much prefer the suggestion made by my right honourable leader (Right Hon. Mr. Meighen) and by the honourable member from Winnipeg South Centre (Hon. Mr. Haig) that some temporary arrangement be made to deal with the situation. We all realize the necessity of the provinces having greater revenues. But to bring this about why at this time change our Constitution basically? Is there any real necessity for doing so?

I am convinced this House will not agree to the resolution as it stands. I will never vote for it in its present form, for two reasons.

First, if the resolution became effective it would mean the Federal Government would be handing over to the provinces in perpetuity the power of indirect taxation.

Secondly, so far as I am aware there is no clear-cut, definite understanding that a single province has agreed to this resolution. If there is such an understanding, where is it? Have we had it presented to us? Time and again it has been stated in this debate that Confederation is a pact, an agreement among the old provinces, and, in a sense, virtually assented to by the new provinces. Under the circumstances I doubt very much whether the Senate will accept this resolution unless it is presented with the consent, in black and white, of every province interested. I submit that it will be the duty of the committee to summon representatives of the provinces and ask them, "Where and when did you give your consent to this measure?" It is all very well to say that the Government of Canada discussed the matter with the various provincial governments, and that it is understood those governments gave their consent. It has not been produced before us. I ask, Where is it? We have not seen it. I say that this Senate will not be doing its duty if it passes this resolution without having before it clear evidence that the provinces of Canada want it.

This is not a small matter. We are not merely giving to the provinces something they have had before. By this resolution, if adopted and made into law, we are giving the provinces a tremendous power in the life of this country from ocean to ocean. Will anyone tell me that the province, say, of Ontario, has given its consent to a change in our Constitution that will permit the province of Quebec to set up a barrier that will prevent the implement dealers of Ontario from selling their products in the province of Quebec, and vice versa? I doubt it. As a matter of fact, on account of what has transpired in this House since this matter first came before it, I am of the view that there is not a province in Canada, and I doubt very much if there is a government in Canada, that understands the possible effects of the embodiment of this resolution in the Constitution of this country. So I say that when this matter is dealt with by the committee all phases of the question should be carefully considered. If at all possible, the assistance necessary to the provinces of this country should be given to them, but this should be done on a temporary, not on a permanent basis.

In the next place the Senate, as was well pointed out by the honourable senator from Winnipeg South Centre (Hon. Mr. Haig), has a special duty to perform in all matters of this kind. The Senate is constituted of 96 members, representing not provinces, but districts, the representation being distributed throughout the country in proportions different from those of the membership of the House of Commons. One of our chief functions is to see that unholy hands are not laid upon the Constitution of Canada,—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. CALDER: —that the rights of the provinces are maintained and are not damaged by any legislative action which may be taken by the other House. So I say it should be the duty of the committee to see that representatives of every province appear, and to ascertain whether every province has given its assent to this resolution. If the committee cannot get evidence of that fact, or if such evidence cannot be clearly placed before this House, I think there is but one action this body can take.

Hon. W. A. BUCHANAN: Honourable senators, I rise on this occasion, not for the purpose of delivering an address, but to ask a couple of questions. If the resolution now before us is going to a committee, as the honourable senator from Saltcoats (Hon. Mr. Calder) indicates, since I may not be a member of the committee, I should like to have some information so that my mind may be clear with respect to certain matters.

My first question relates to section 121 of the British North America Act and the effect it would have on the legislation that is being interpreted to-day as an interference with trade between provinces. Section 121 practically provides for free trade between the provinces. If the legislation that has been passed in New Brunswick and in Alberta interferes with free trade as provided for in section 121, would this resolution override that section, or would the section still stand in the way of those provinces putting up barriers in respect of trade?

Hon. Mr. DANDURAND: Certainly.

Hon. Mr. BUCHANAN: I am aware of what the honourable senator from Edmonton (Hon. Mr. Griesbach) pointed out with regard to Alberta, but after listening to what the right honourable the leader of the Opposition (Right Hon. Mr. Meighen) said last night in respect of the by-laws passed by the cities of Ottawa and Hull, I understand that if there is no discrimination the legislation is all right. I doubt if there is actual discrimination under the legislation spoken of by the honourable senator from Edmonton this afternoon. I understand that the Government of Alberta is aiming to tax the goods of the mail order houses. I understand also that it is imposing on goods sold in the business places of Alberta a sales tax similar to that imposed on goods brought in from outside. For example, if I were to send a mail order to a firm in Toronto for a pair of shoes, the sales tax would be imposed on those shoes; but it would be no greater than the sales tax imposed upon a pair of shoes that I might buy in the province of Alberta. So in that respect the legislation is not discriminating against outside business.

The danger I see in the legislation is this. Under it certain articles made in the province of Alberta might very readily be exempted from the tax, although articles coming from outside would be subject to it. I have in mind the beet sugar industry in Alberta. In order to prevent competition with this industry beet sugar could be exempted from taxation, while at the same time a tax could be levied on sugar produced from cane. Yet there would be no discrimination.

There are some features of the legislation introduced in Alberta that give me a good deal of concern. I have been impressed with what was said by the right honourable leader of the Opposition, namely, that this legislation tends towards interference with trade between provinces. But if section 121 of the British North America Act still stands, I cannot see how these barriers against trade can be raised, or why we should be concerned about the legislation passed in some of the provinces.

Hon. CHARLES E. TANNER: Honourable members, I am going to take but a few moments of your time. I am interested in this matter from the point of view of Nova Scotia, the province which I, with other members, have the honour of representing in this House. That province is not in the precarious state mentioned by the honourable member from Saltcoats (Hon. Mr. Calder).

Hon. Mr. LACASSE: Hear, hear.

Hon. Mr. TANNER: Just now its credit is good, and with the assistance of the money it is receiving for relief purposes it is paying its way. Nevertheless it has a large debt, and its taxation to-day is quite as heavy as the people of the province want it to be.

During the past year I have been under the impression that there was to be friendly conference between all the provinces and the Dominion Government with respect to this matter. It was pointed out to us in Nova Scotia that, because of the political affiliations of the governments, there was certain to be harmonious agreement, and that the Federal Government and the provincial governments would come to an effective understanding in regard to all matters of common interest, particularly in regard to amendments to the British North America Act. We were given to understand that there would be nothing piecemeal about what would be done. It might take time, but we were willing to wait. We realized that everything could not be accomplished within twelve months. We understood that the British North America Act would be dealt with in a businesslike way, and that all matters requiring amendment would be covered. As that understanding was gathered from the public addresses of leaders and supporters of the present Government, I am surprised to find that we are called upon to deal with this little bit. There is no official record of the debates of the Nova Scotia Legislature, but I have endeavoured to follow, through the newspapers, what took place in this connection in the session of this year. It is my recollection that after certain conferences were held in Ottawa with the Attorney-General and others, the Nova Scotia Legislature was given to understand that nothing would be done this year; that the whole matter was to be postponed on account of difficulties which naturally arose. I venture to say it was the understanding throughout Nova Scotia that this matter of amending the British North America Act would be postponed until there was opportunity for more exhaustive discussion and consideration by the provincial governments and the Dominion Government. But now we are being asked to deal with this bit of the subject.

I want to ask my honourable friend the leader of the Government (Hon. Mr. Dandurand) to tell us if he can, when he closes this debate, for I am interested in knowing, whether or not the Government of Nova Scotia has invited the Dominion Government to provide this legislation in order to give the Government of Nova Scotia and the other provincial governments power to impose indirect taxation. I should like to know that, because I am slow to believe that the Nova Scotia Government would now openly ask for more power to impose taxation. If it has done that, I am very sure the people of Nova Scotia will be very much surprised to learn of it.

Hon. Mr. CANTLEY: And will deal with it accordingly.

Hon. Mr. TANNER: While it may be said that the provincial governments and provincial legislatures represent their respective provinces, I accept that statement with reservations.

Hon. Mr. LYNCH-STAUNTON: Hear, hear.

Hon. Mr. TANNER: One of the fundamental duties of the Senate is to protect the interests of the provinces. In my judgment the Senate would not be discharging that duty by simply taking the word of a provincial government or even the ipse dixit of a provincial legislature. I submit that it is the duty of the Senate to look beyond those gentlemen. They may be right or they may be wrong. We may be right or we may be wrong. However, I am of the opinion that we are here not as the mouthpieces of legislatures or provincial governments, but as the mouthpieces of the people of the provinces, and that it is our duty, therefore, to protect them if we think it necessary to do so.

I have no hesitation in saying that if a vote were to be taken in Nova Scotia on this question to-day there would be an overwhelming majority against any proposal to endow the Government of that province with power to impose indirect taxation.

Hon. Mr. CANTLEY: Hear, hear.

Hon. Mr. TANNER: There is no question about it. As a matter of fact, the only reason it is in power is that it obtained a few thousand more votes in the province than its opponents did.

Hon. Mr. LACASSE: That is sufficient.

Hon. Mr. TANNER: Although that province is represented in another place by a solid contingent of supporters of the Government of the day, those representatives received only six thousand votes more than their opponents in the election last year. And even though the twelve Nova Scotia members of another place are of the same political party as is the present provincial Administration, I do not feel that they represent the opinions of all the people in the province.

I should like my honourable friend to be explicit and tell us whether or not the Government of Nova Scotia is supporting this resolution. As I was saying a few moments

ago, there was no indication in the Legislature of such support. In fact I think it is safe to say that this matter was never mentioned there in the last session. Consequently I feel that so far as Nova Scotia is concerned we have no right to take this proposed step unless we can be satisfied that the people of the province want us to take it. One thing they do desire is that there be no further increase in the public debt and that taxation be reduced.

Throughout the election campaign of 1935 the people of Nova Scotia were repeatedly and emphatically assured that taxes would be decreased. That assurance is a matter of public record. It was stated on the platform and in the press over and over again. Believing as I do that the people of the province took that promise in good faith, I could not support a proposal, like the one now before us, to empower the Government to add indirect taxation to direct taxation.

Hon. RAOUL DANDURAND: Honourable senators, I shall not travel over the whole ground that has been covered by honourable members who have spoken before me, because I intend to address myself more especially and as directly as possible to the resolution itself. I shall try to the best of my humble capacity to justify the presenting of the resolution to this Chamber.

What was the situation confronting the Government when it came into office in the latter part of October last? I shall not dwell upon the seriousness of the financial position of the provinces at that time. It is enough to repeat what I have just heard from across this Chamber, that several of the provinces were in dire straits. I would also repeat what I said when introducing this resolution in the Senate, that during the last five years some $115,000,000 was advanced to the Western Provinces.

Now, what is the purpose of this Address? It is to provide a means of meeting the needs of those provinces which clearly cannot balance their budgets, of preventing them from defaulting, and—this being uppermost in the minds of the federal representatives—of maintaining Canada's credit. I think we are all eager to do our utmost to protect that credit. One province has already defaulted; other provinces may do the same thing. My honourable friend from Saltcoats (Hon. Mr. Calder) even mentioned the possibility that the Dominion Parliament may face a very difficult situation within twenty-four months. I have confidence that the Dominion as a whole can stand the strain. But what would happen if two, three or four provinces defaulted? That was the main consideration which induced the Government to present this resolution.

I believe that all Canada applauded—I am quite sure that my right honourable friend opposite did—when the Minister of Finance declared it was time to call a halt to the inroads that were being made by certain provinces upon the federal treasury. The Minister said that if the Dominion was to become the guarantor of future loans to the provinces it would exact security, and also find some method of ensuring that future borrowings should be within the capacity of the provinces to pay. That principle, I believe, has been acclaimed by the whole country, and I venture to say that no honourable member of this Chamber would raise his voice against it. In the past the criterion has been the ability of the provinces to borrow; henceforth it must be their ability to pay. All the provinces are interested in the application of that principle, which no one can deny is fair.

My honourable friend from Winnipeg South Centre (Hon. Mr. Haig) says the Dominion will not trust the provinces. It will trust the provinces that trust themselves by making an effort to maintain their credit. The purpose of the proposed legislation is the establishment of an equilibrium in the finances of the provinces through an enlargement of their right of taxation. That is the sole raison d'être of this resolution.

What are the objections? My right honourable friend opposite has asked if the provinces have given their concurrence; and he says that if they have it should be so stated in the Address. The honourable gentleman from Saltcoats (Hon. Mr. Calder) has made the same point. It is stated that it would be dangerous to establish the precedent of requesting the British Parliament to amend our Constitution on the sole authority of an Address from the Senate and House of Commons. My right honourable friend asked what protection there would be for provincial rights and minority rights in future.

My answer is that this Address would be no more binding than preceding resolutions which we have adopted and in response to which the British North America Act has been amended a number of times. My right honourable friend mentioned some amendments of minor importance. He failed, though, to refer to a very important one that was made as the result of an Address passed when the Government of which he was a member was in power. That Address did not contain any signification of concurrence by the provinces, nor was it preceded by resolutions from the provincial legislatures or governments.

My right honourable friend did not mention the British North America Act of 1907.

That was 7 Edward VII, Chapter 11, "an Act to make further provision with respect to the sums to be paid by Canada to the several provinces of the Dominion," and it was passed because of an Address that we made to the Imperial Parliament. That Address, which was considered in this Chamber, had for its object an alteration in the amount of the yearly grants to the various provinces. It requested legislation providing that future subsidies be based upon the latest decennial census instead of upon the census of 1861 as provided for in the Constitution. All the grants were increased, and not all exclusively in proportion to population. The Address in that case did not contain a word as to assent by the provinces or their governments. Upon looking at that Address I recalled that I myself had signed it as Speaker of the Senate, together with the Hon. Mr. Sutherland. With respect to that very important amendment, touching the very basis of the financial arrangement between the Dominion and the provinces, it could not have been said that the provinces were unanimous, for British Columbia dissented.

And now I come to an amendment that was made in 1915, when I think my right honourable friend was a member of the Government of the day. That increased the number of senators for the West to 24, and declared that notwithstanding anything in the British North America Act a province should always be entitled to a number of members in the House of Commons not less than the number of senators representing such province. This again touched one of the vital points in the agreement between the Dominion and the provinces, as to representation in the House of Commons. We all know what the original terms were as to number of representatives, Quebec being given a permanent representation of 65 members. Not only was that amendment based upon an Address which contained no allusion to consent of the provincial governments, still less of the legislatures, but I am informed that there had not even been a conference of the provinces nor any suggestion that they should assent to the amendment. Honourable senators will remember that that was the amendment which ensured that Prince Edward Island should have no fewer than four members in the Commons. It is true that the number of representatives directly affected was not large, but all the provinces were concerned in a precedent which could be used in later years.

My honourable and talented friend from Ottawa East (Hon. Mr. Coté) referred to a meeting of provincial prime ministers held in Ottawa in April, 1931. To that meeting, which was called by the Right Hon. Mr. Bennett, the following question was submitted:

> Do the provinces desire to have exemption from the Colonial Laws Validity Act extend to provincial laws?

Exemption would mean that hereafter they could legislate within the sphere of their jurisdiction, whether or not their legislation was repugnant to Imperial legislation. They agreed that they did desire exemption, and the Statute of Westminster was extended accordingly. The Right Hon. Mr. Bennett did not ask the provincial representatives to consult their legislatures; he was satisfied with the assent of the governments. When the conference ended the following communique was issued:

> The conference was called to give the provinces an opportunity to express their views with regard to the Statute of Westminster and the proposed section, numbered 7, which will be inserted to deal exclusively with the Canadian position. No objection was made to the principle of the proposed legislation, and a proposal that the provisions of the Statute relating to the repeal of the Colonial Laws Validity Act should extend to the provinces was approved. The Canadian section (7) was drafted and found satisfactory by all the provinces, though Quebec asked for further time for consideration. Meanwhile, the approval of the Quebec Government has been received.

That was as late as 1931. The Government of the day felt that on a matter affecting all the provinces the provincial governments could speak for their legislatures.

As it will be seen, the Act of 1907, which altered the whole framework of our financial relations with the provinces, was based on a conference between the premiers of the various provinces, supported by some of their colleagues, and the Prime Minister of the day, Sir Wilfrid Laurier. No question was raised that the legislatures had not been consulted. No one asserted that there should be unanimity among the provinces. As a matter of fact, there was not. The legislation was based upon the assent of that conference. No one, either in the House of Commons or in this Chamber, contended that the legislatures should be heard in the matter.

To-day, likewise, a conference has been held. I submit that the provincial governments represent their legislatures in matters which do not invade their rights and privileges. Can we question the authority of the duly accredited representatives of a province? I have been asked, "What evidence is there that the legislatures were consulted?" My honourable friend from Parry Sound (Hon. Mr. Arthurs) said yesterday that there was nothing in the agenda of the Dominion-Provincial

Conference of 1935 with respect to the resolution. Section 6 of the agenda covered financial questions. A sub-conference was appointed to deal with this section. Hon. Mr. Dunning and some of his colleagues represented the Dominion; Ontario had six representatives, Quebec one, Nova Scotia three, New Brunswick three, British Columbia six, Prince Edward Island two, Saskatchewan two, Alberta three, and Manitoba three. Those gentlemen explored the whole field of taxation. Subsequently Hon. Mr. Dunning invited the provincial treasurers to attend a further conference. This was precedent to the bringing down of the resolution. So I submit I am justified in saying that since that group of representatives agreed to the text of this Address, which was revised and approved in its very terms by the Attorney-General of each province, no one in this Chamber can ask, "What evidence have we that the representatives of the provinces have given their approval of the resolution?"

Hon. Mr. CALDER: Will the honourable gentleman allow me to interject just one word? This is the first time I have heard it stated that the actual text of the resolution was referred to all the provincial governments and reviewed and approved by their attorneys-general.

Hon. Mr. DANDURAND: That is my information from the Hon. Minister of Justice and the Hon. Minister of Finance.

Hon. Mr. LYNCH-STAUNTON: Has the honourable gentleman the document?

Hon. Mr. DANDURAND: There is no document.

Hon. Mr. LYNCH-STAUNTON: My honourable friend said the document was submitted to the attorneys-general and initialled and returned by them.

Hon. Mr. DANDURAND: It is the text of the Address now before us.

Hon. Mr. LYNCH-STAUNTON: I mean, was the draft Address initialled by them?

Hon. Mr. DANDURAND: Yes. It was submitted to the representatives of the provinces while they were here, or later sent to them for approval, and they returned it approved.

Hon. Mr. LYNCH-STAUNTON: Do I misunderstand the honourable gentleman in thinking he said they initialled the text of the resolution?

Hon. Mr. DANDURAND: I was not present at the conferences. That would be the procedure where the representatives of the provinces were communicated with, after they had reached the agreement, in order that the text itself might be submitted to them.

Hon. Mr. TANNER: I was in this building during the sub-conference. I met the Deputy Attorney-General and, I think, the Attorney-General of Nova Scotia while they were labouring in the committee room on the second or third floor. I am sure my recollection was not at fault when I said that afterwards in the Legislature of Nova Scotia the Premier announced the matter would not be proceeded with.

Hon. Mr. DANDURAND: I think my recollection may be as good as my honourable friend's. I read the reports coming from Halifax, but they bore on the question of a revision of the Constitution, involving transference of the power from Westminster to Ottawa.

Hon. Mr. TANNER: Oh, yes.

Hon. Mr. DANDURAND: The communications from New Brunswick and Nova Scotia were to the effect stated by my honourable friend. But as to this resolution, I never heard any statement to disprove that the provinces had assented to the text.

Hon. Mr. TANNER: I am not at all questioning the statement of my honourable friend the leader of the House. I am very glad to know that, as he understands, the Government of Nova Scotia has given its approval of this resolution.

Hon. Mr. DANDURAND: Of course, I am aware that in Nova Scotia, as well as in the other provinces, there are many people fearful of taxation; but it is not for them to decide where, in matters of taxation, the dividing line shall be drawn between the provincial and the federal authority.

It has been suggested that the provinces should give unanimous consent to any amendment of the British North America Act. I am not prepared to endorse such a principle. It would create a precedent with respect to matters of minor importance. These might well be submitted to this Chamber with the consent not of all the representatives of the provinces, but of the majority, and it would then be for this Chamber to decide whether the position of the majority was justified. I have frequently heard it stated that in matters of fundamental importance we are agreed that Parliament should ask the unanimous consent not only of the provincial governments, but of their legislatures. I adhere to the principle that Parliament should not require unanimous concurrence except in such cases. I think we may all affirm the principle that in all matters affecting the

privileges or rights of the provinces we should be slow to enact or propose any legislation which did not carry their assent.

It is often asserted that one of the principal functions of the Senate is to protect the rights of the provinces as embodied in the British North America Act. In this case I have declared that all the provinces have joined in the Address which is before us. Thereupon, I suppose, it should receive the assent of the Senate. However, for important reasons the Senate might differ, notwithstanding that the provinces had agreed to certain amendments. I recognize the Senate is fully entitled to deal with this matter as it may deem fit.

I think I have now disposed of the objections with respect to the form of procedure to be followed in the presentation of this Address. As I have pointed out, it is the form of procedure which we have followed without exception in dealing with some amendments of very great importance.

As to the matter and substance of this resolution, let me deal with the provision for the Dominion guarantee of provincial debts. The first objection of my right honourable friend opposite (Right Hon. Mr. Meighen), and, I think, also of my honourable friend from Ottawa East (Hon. Mr. Coté), and perhaps of other honourable members, is that this provision is unnecessary, as the Dominion has the power to guarantee provincial debts and the provinces have the power to pledge their assets. My honourable friend from Ottawa East has added that in his opinion this proposed legislation should not imply that the right now asked for has not always existed; therefore the power should be in declatory form rather than as it appears in the text of the resolution. True, the Dominion can guarantee a debt. It has often done so in respect of railways and other undertakings. Yet the law officers of the Crown have said it is doubtful whether the Dominion has the power to guarantee a provincial debt as such. I admit the Dominion Government has done so lately, but only as an emergency measure. Certainly it has been a doubtful expedient. I question whether the Dominion has power to tax, borrow or guarantee except for Dominion purposes. It would be imprudent and dangerous to embark upon a program involving Dominion guarantee of tens of millions of dollars of provincial loans without this legislation, which, I submit, should be in a positive rather than a declaratory form.

As to the right of the provinces to pledge their assets, I believe there is still more reason for obtaining legislative authority in positive form. The British North America Act does not authorize the provinces to pledge their assets or their subsidies. A province is governed by its legislature, which is not a subordinate body with delegated powers and capacity to bind successors. An inherent power to pledge cannot be implied. The law officers of the Crown have expressed the opinion that without this proposed amendment of the Constitution, if a legislature repudiated its pledge the province could succeed in an action to enforce payment of its constitutional indemnity.

I come now to the first part of the Address, the proposed amendment to section 92. My right honourable friend opposite said this amendment would enable the provinces to establish provincial tariff barriers, and he cited subsection 1 of section 10A of the recent amendment to the New Brunswick Corporation Tax Act. With all due respect to my right honourable friend, it seems to me that he read this enactment too hurriedly. I will read it—

Right Hon. Mr. MEIGHEN: Slowly.

Hon. Mr. DANDURAND: —for his enlightenment.

Right Hon. Mr. MEIGHEN: I know it pretty well.

Hon. Mr. DANDURAND: This is subsection 1 of section 10A:

> Every company or corporation, the majority of whose stock issued and outstanding is owned or held, either directly or indirectly, by companies, corporations, or persons incorporated or resident without the province, having an established place or places of business within the province, and every partnership, firm, association or person carrying on an established business within the province as a branch or part of or in connection with an established business carried on without the province and engaging in the sale of goods, chattels, wares or merchandise within the province direct to the consumer, shall pay a tax upon the amount of its or his gross sales by retail of goods, chattels, wares or merchandise to be delivered within the province; provided that this subsection shall not apply to any company, corporation, partnership, firm, association or person whose principal business or occupation within the province is that of the production of natural products or of manufacturing or both.

I submit that this section does not come within the provisions of the proposed amendment, because it does not authorize an indirect tax. My right honourable friend has not noticed subsection 4 of this Act.

Right Hon. Mr. MEIGHEN: I noticed it all right.

Hon. Mr. DANDURAND: But he did not cite it.

Right Hon. Mr. MEIGHEN: Let my honourable friend go ahead. I will answer that. It is the real joker.

Hon. Mr. DANDURAND: This is subsection 4:

No company, corporation, partnership, firm, association or person in this section mentioned shall charge to or collect from any purchaser, consumer, customer or other person the tax by this section imposed or any part thereof, under a penalty of one hundred dollars for each violation of this subsection.

Hon. Mr. LYNCH-STAUNTON: Does that mean the Provincial Government imposes a tax which the vendor cannot collect from his purchaser?

Hon. Mr. DANDURAND: The tax cannot be passed on to the retail purchaser. That is the wording of the Act.

Right Hon. Mr. MEIGHEN: It is to get around the decision of the Privy Council.

Hon. Mr. DANDURAND: This legislation, I admit, may be attacked from some other angle, but not as being indirect taxation.

Right Hon. Mr. MEIGHEN: On account of that subsection 4?

Hon. Mr. DANDURAND: Yes. My right honourable friend's contention is based upon what I believe to be a misunderstanding of this legislation, if I may make bold to say so. He says it is discriminatory. Yes, it is. But discriminatory against whom? Against outside traders, such as Eaton's, Simpson's, Dominion and other chain stores, and in favour of local traders. There is nothing in the British North America Act nor in our constitutional law which prohibits such discrimination. One case which I have glanced at is based on The King vs. Marchioness of Donegal, Dominion Law Reports, 1924, Vol. II, page 1911.

Hon. Mr. LYNCH-STAUNTON: Did the honourable gentleman say page 1911?

Hon. Mr. DANDURAND: I am in error. It is not 1911, but 1191. I simply cite the judgment, which states that:

A taxation statute is not discriminatory because it divides taxpayers into classes and makes some classes pay a heavier tax than others.

There are other judgments to the same effect.

There is nothing in this legislation which has any relation to the import or export of goods. An outside concern pays a sales tax upon goods sold in New Brunswick, whether they are produced within or without the province. My right honourable friend (Right Hon. Mr. Meighen) was under the misapprehension, arising from a summary reading of the legislation, that it affected only goods brought in from another province. It does not.

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. DANDURAND: Oh, no. An outside firm pays a sales tax on goods, whether they are produced within or without the province.

Right Hon. Mr. MEIGHEN: That is not correct. If the firm is engaged in manufacture in the province it is exempt.

Hon. Mr. DANDURAND: My right honourable friend stated that the goods taxed were goods coming from outside.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: An inside concern, whether its goods are produced in New Brunswick or are imported from Nova Scotia, Quebec or Ontario, does not fall under this Act. The proviso excepts concerns whose principal business is the production of natural products for manufacturing.

Right Hon. Mr. MEIGHEN: Or manufacturing.

Hon. Mr. BEAUBIEN: Within the province.

Hon. Mr. DANDURAND: This would clearly except such concerns as, for instance, the company stores of International Paper, or the retail stores of International Paper, because they are manufacturing natural products.

The proposed amendment appears to have no relevancy to the validity of this New Brunswick legislation. It relates only to the one point—whether the legislation is invalid by reason of its imposing indirect taxation. It would not in any sense validate legislation which, on a true interpretation, sought to impose a special tax upon sales of goods coming from other provinces. This is my answer to my right honourable friend. Such discrimination would be ultra vires, and would contravene section 121 of the British North America Act.

My right honourable friend suggested that the province could not prevent goods from outside being freely admitted, but that once the goods were admitted the province could subject them to a sales tax which would not be applicable to similar goods produced within the province. Such a tax, in my opinion, would still contravene section 121 of the British North America Act, because, while the province would appear to admit the goods freely, it would penalize them once they were

inside. Courts have invariably rejected this subterfuge and have declared such legislation invalid; and any such taxing statute would be declared ultra vires.

In conclusion I desire to say that the conference which examined and explored the whole field of taxation came to the conclusion that the extension of the right of the provinces to levy taxation should be made in the field of sales tax. Many of the provinces were already imposing taxes on retail sales. This was done in Montreal, through a power delegated to the city, which levied a couple of millions of dollars last year. Now, what has the conference done? It has taken cognizance of the fact that the provinces had invaded the field and had found a way of reaching retail sales and making the retailer the agent of the government. The Federal Government has decided that, since the provinces had invaded that field and were somewhat solidly entrenched in it, authority should be given to them to impose indirectly the taxation which they were levying directly.

The Senate may express a preference for another system of taxation, as has been done by my right honourable friend (Right Hon. Mr. Meighen), my honourable friend from Saltcoats (Hon. Mr. Calder) and, I think, my honourable friend from Montarville (Hon. Mr. Beaubien); but the initiation of an alternative policy does not belong to this Chamber. The primary responsibility for widening the field of taxation within the provinces rests with the Dominion Government after consultation with the provinces. So, although we may have a preference for some other method of taxation, although we may think we are not settling the matter in a very satisfactory way, such as simplifying the system by asking the Federal Government to withdraw from the income tax field, we are faced with the situation that the Government of the day has deemed it proper to accede to the suggestion of the provinces, extend their powers and help them maintain their equilibrium by an indirect tax on sales.

Although it is not according to tradition, I have no objection to this resolution being submitted to the Banking and Commerce Committee in order that the committee may explore the situation and see whether the formidable danger with which we have been threatened—the destruction of Confederation—has any basis in fact. Naturally representations will be made by traders, manufacturers and chambers of commerce. I have received dozens of telegrams from individuals and organizations asking to be heard. I would draw the attention of honourable members to the fact that it is only natural that those who fear they may be reached by some new method of taxation under a new authority should be fearful of the dual power of the Dominion and the provinces to raise revenue by means of a sales tax. But already they are being threatened, and more than threatened, by the income tax, which is being levied by the Federal Government and also by the provinces and municipalities. I quite realize that the representations made will be those of people who shortly will be called upon to pay taxation under a system which is different from that to which they are accustomed; but I can hardly believe that the final word with regard to the division of the right to tax, as between the provinces and the Dominion, should rest with the parties who stand to pay the tax. There is a higher duty pertaining to the legislatures, federal and provincial, than that of applying themselves to a fair division of power. Although we may hear with respect the representations made, and benefit by them, I would draw the attention of honourable members to the fact that this is a matter of higher concern than the right of the individual, in that it affects the whole financial fabric of Canada and the provinces,—a matter which in the last analysis remains with us.

I had thought of suggesting that the provincial governments be heard before the Banking and Commerce Committee, but I dismissed the thought immediately, because such a procedure would seem to reflect on the word of the Dominion and provincial governments alike, who have given their assent to this legislation. I have heard the statement that they should be asked to give their views. To that proposal I have no objection. They may express their views and explain their needs and what they conceive to be a fair application of this legislation.

I have covered the ground somewhat extensively, perhaps at too great length, because I felt that if the matter which had been discussed before us were to go to the Banking and Commerce Committee it was due to the Government that its views under the two heads of the present Address should be laid before this Chamber.

Hon. Mr. CALDER: Honourable members, may I take just one minute to make an explanation? I would never have made the statement I made this afternoon, that the committee should see that the consent of the provinces had been given, if I had known that the text of this resolution had been referred to all the governments in Canada and had received the approval of those governments and of the attorneys-general of the

provinces. I regret that the debate should have reached this late stage before that fact was made known to us.

Right Hon. Mr. MEIGHEN: To put myself in order, honourable members, I shall have to move the adjournment of the Senate. I shall not delay the House.

I apologize for rising for the third time to discuss this topic. I do so because I have been criticized for not revealing important sections of the statute which I specially referred to as vindicating to the full my fears of what would happen if this resolution were to pass.

The honourable the leader of the Government is always pointed, clear and forceful, and I think I can pretty well say he is always reasonable when he is speaking freely from the resources of his own mind and is not restrained by some rather superfluous memorandum such as officials persist in putting into his hands. His address up to the time he reached the memorandum was exceedingly good, but when he reached the point that was really the whole question at issue here, on which he did not consider the subtlety of his own mind sufficient, he appealed to others for help. I think he would have made a better success of it himself.

He suggests to the House that the proposed resolution does not ratify, nor do anything at all to affect, this New Brunswick statute, because, he says, the statute does not involve indirect taxation. To prove his statement he refers to subsection 4 of the perilous section 7, which subsection declares that the tax imposed on the sale of certain selected goods shall not be passed on to the customer. I may say frankly I did not mention this, although I had intended to do so. I felt my omission very keenly after I sat down, because nothing so stamps this legislation as an indirect tax measure as this very clause. This subsection is like the declaration of a man returning with goods he never had before and did not look comfortable with, that he did not steal them, because he did not need them. The palliation offered would be only a confirmation of his guilt. This subsection stamps this measure as indirect taxation.

A firm controlled outside of New Brunswick is selling goods. The great bulk of those goods, no doubt, will be brought in. Some of them may be produced in the province. But under this Act all the goods that firm sells are going to be taxed, though the rate is not specified. It is to be fixed by the Lieutenant Governor in Council, and what it is to be nobody knows. It will be just as legal at 2 per cent as at 10 per cent; it will be as legal at 25 per cent as at 2 per cent. Let us assume it will be 10 per cent. It is argued that because of the declaration that the tax is not to be passed on, under the decision of the Privy Council it is not an indirect tax. The argument is so fallacious from every standpoint that I hardly know how to approach to explode it. How can the tax be levied if it is not passed on? I doubt the whole profit on turnover would be 1 per cent. How could a concern pay 10 per cent out of 1 per cent? How could it pay 2 per cent? I venture to say that if a concern doing business in New Brunswick makes 1 per cent net on turnover it is doing very well; yet here is the Legislature saying: "You are making 1 per cent net; in competition you cannot make more; but we are going to tax you 2 per cent and deny you the right to add the tax to the price of your goods." The provision is preposterous to start with.

Next, it is intended to get around the Privy Council's decision—which adopted the doctrine of John Stuart Mill, that if the nature of the tax is such that it is expected to be passed on it is indirect—by saying: "We never intended this to be passed on; in fact we forbade it." The Privy Council, as always, will mix a little common sense with law and will say: "No matter what you state in your Act, you did intend the tax to be passed on. Nothing else in the world could be possible."

Next, how are the law officers ever going to know whether the tax is passed on or not? How could they ever convict anybody of passing it on if he did pass it on? If the honourable leader will think over it for one second he will realize that such a person never could be convicted. Suppose the price of a suit of clothes was $25, and immediately after this sales tax was imposed the storekeeper raised the price to $30. Has he passed on the tax? He simply raised the price. Unless the province declares that the price of goods so taxed shall never be raised, it cannot possibly prevent the passing on. The character of this provision, its whole intent, is so obvious that any court in the world would say, "This is nothing but the most manifest of subterfuges." Certainly the taxation is indirect, and it would be ratified by this Address.

The honourable senator says there is nothing in our Constitution to prevent a province from discriminating in its taxes. In a sense that is true. But the general provision of the Constitution forbidding a province to tax indirectly has the effect of preventing discrimination. I do not doubt that the province

of New Brunswick could say that anyone purchasing a necktie at the store of a company, the majority of whose stock is held outside the province, must pay a tax of two cents or five cents, as the case might be, on the necktie. But the legislation would be impracticable; it could not be enforced. So long as provinces have the power to tax directly only, it is practically impossible for them to discriminate, and that is why in the wisdom of the Fathers of Confederation the power of direct tax alone was vested in the provinces. Give them the right to tax indirectly and they will find it very easy to discriminate. If this resolution passes, it will be impossible to attack their discrimination.

The honourable senator says that if they tax indirectly and thereby restrict or prevent the importation of goods they will be resisting by subterfuge the application of section 121, and their legislation will be declared invalid. He is right. But that is not the way they would go about it. They would come in under this legislation which we are asking, and so tax sales as to place inhibitions upon the free interplay of interprovincial trade. Of course all sales of goods brought in would not be taxed. The residents of New Brunswick, for instance, would be in a preferred position as compared with unannointed outsiders elsewhere in Canada. The province could permit its residents to bring in goods and sell them exempt from the tax, and it would be claimed that imports were not prohibited. But there would be interference with that free exchange of goods which is one of the fundamental principles of Confederation. Surely the leader of the Government is not going to take a leading part in invading the very citadel of Confederation. If we enable the provinces to tax sales, I care not by what method they do it, they will be able to discriminate in their taxation at will. There is nothing in the Constitution to prevent their doing so. What the leader of the Government says in that respect is right.

Here are we, the special guardians of the relations of provinces with the Dominion, being asked to put the seal of our approval upon legislation which would be a challenge to the very existence of our country. I appeal to the honourable senator to think over the matter and take it up with his colleagues. We can easily surrender some of the field we now have. Suppose, for example, we say that we will divide income taxes fifty-fifty with any province which does not impose an income tax. We could impose such rates as are necessary to bring in the revenue required, and make an equal division with the provinces either on the basis of income tax paid by citizens of the respective provinces or on the basis of population—I am not prepared to say which would be the fairer or the more practicable. We could get legislation enabling the Government to make an arrangement of that kind, effective for any period of years desired. If that were done, there would be brought into the provincial treasuries whatever amount the Dominion desires to turn over to them, and in addition all the confusion of duplication would be avoided. The Dominion would be free to increase indirect taxes and add to its revenue in that way, and in the application of such taxes there would be no discrimination whatever as between one province and another, and no bolts and chains fastened on interprovincial trade.

Rather than vote against this resolution myself, I should much prefer that the honourable member would take it back to his colleagues and consider with them the real essence of what would be accomplished by the resolution. Let the Government amend the resolution by leaving out the first part and bringing the latter part into conformity with what evidently is intended. Let the attorneys-general be communicated with again and their approval of the amended resolution be obtained. If the honourable senator were to bring in such an amended resolution he would have my support. Surely he ought to abandon the ill and hastily conceived and perilous resolution which is before us now.

Hon. Mr. DANDURAND: This resolution, which is the result of an agreement between the provinces and the Dominion, will go to the Banking and Commerce Committee. There we shall meet the provincial representatives and hear from them why they desire the kind of legislation asked for, and how they intend to apply it. Of course I recognize that intent does not form part of an Act; so we shall have to look into the taxation feature of the proposed amendment. It will be for the committee to find out what is the true desire of the provinces, for I am just now but their mouthpiece. I speak in support of an agreement arrived at between the provinces and the Federal Government, and am precluded from suggesting any amendment to that agreement.

The amendment of Hon. Mr. Donnelly was agreed to.

NATIONAL HARBOURS BOARD BILL

FIRST READING

A message was received from the House of Commons with Bill 17, an Act respecting the National Harbours Board.

The Bill was read the first time.

Hon. Mr. DANDURAND: I do not know whether the House will be disposed to consider the motion for second reading of this Bill to-morrow. Without consent, I have no right to move that that be done.

Right Hon. Mr. MEIGHEN: That will be all right.

Hon. Mr. DANDURAND: Then with the leave of the House I move that the motion for second reading be placed on the Order Paper for to-morrow.

The motion was agreed to.

CANADIAN COLONIZATION PLAN

MOTION AND DISCUSSION—DEBATE CONTINUED

The Senate resumed from May 12 the adjourned debate on the motion of Hon. Mr. Sauvé, that it be resolved:

That while recognizing the necessity of utilizing our immense territory according to a rational plan of exploitation and colonization, this House is of opinion that:—

(a) immigration into Canada must be conducted along lines of the greatest prudence, so as to protect our traditions, strengthen our institutions, and also so as not to complicate our national problems nor aggravate those affecting agriculture and unemployment;

(b) that the repatriation of emigrated Canadians should be efficiently encouraged before any other immigration;

(c) the emigration of naturalized Canadians should be controlled in such a way as to reduce it to its lowest possible form, if not to prohibit it altogether.

Hon. EUGENE PAQUET (Official Translation): We should be grateful to the honourable member for Rigaud (Hon. Mr. Sauvé) for his speech on the immigration problem. The address of the honourable gentleman is a splendid contribution to our economic and national renovation. Breadth of views and authoritative information give to the honourable member's survey an exceptional documentary value. The honourable senator for Rigaud mentioned in too kindly terms my modest endeavours in relation to immigration from 1907 to 1914.

Things are altogether different to-day. I grant that the accomplishments of the past were not all blamable. I have no desire to sweep away everything done in the past and substitute entirely new systems. We must preserve everything in harmony with our social and economical needs, but we may ameliorate, strengthen and improve.

I realize the influence immigration will in the near future have on our national course. Naturally, one of the results of the depression, with its hardships, was to close our country's doors to many, but we must think about the future. Eminent men whom the press is always ready to echo believe that Canada should, right now, take measures to share in the immigration flow towards America which will take place in the course of the next few years. Immigration may have contributed to the material progress of Canada in prosperous times of yore, by lessening the burden of taxes and sharing in the building up of the country. But when a country has come to the point of being unable to provide work for hundreds of thousands of her own people, having to feed them at the expense of the State; when thousands and thousands of men, and thousands and thousands of young people at the age to earn their own living, anxiously ask themselves where they are to get work; when a country has reached such a point, is it not obvious that, for the present, it has exhausted its receptive capacity?

Honourable senators! Do not think of immigration at the present time! At least, wait till Canada has solved the unemployment problem. Do not bring here people who would take work from the sons of the land and force the latter to continue wandering in search of ever evasive employment. With abounding natural resources and wealth, farms yielding so bounteously, immense forests, water powers, mineral deposits, we can compete with other nations and keep Canadians in Canada; but, for the present, we can do no more.

Before the depression, quite a number of new-comers used to settle in cities and towns, as also many farm labourers, attracted by the intensive industrial development; and the moment business slackened they found themselves without any means of support. Fair proportions between urban and rural population are things of the past.

However, farming still remains our great resort in the work of economic renovation. In fact, if we in Quebec had 500,000 more people in the country and as many less in the cities, the balance would be nearer normal. The working people would easily find employment, and only the sick and the disabled would have to be cared for.

Rural population, 1901: 3,357,093.
Urban population in 1901: 2,014,222.
Rural population in 1931: 4,204,708.
Urban population in 1931: 5,572,058.
Farming population in 1931, 31 7/10 per cent.

Such an enormous increase in urban population drew from the country thousands and thousands of men heretofore earning a modest but steady living. To lessen this evil substantially, equilibrium must be restored.

In four months, 253 special permits were granted by the Minister of Immigration. The great majority of immigrants entering Canada

on special permits, from January to April, 1936, is made up of traders who settle in cities already overpopulated. By means of these special permits the Minister of Immigration allows the coming into Canada of immigrants legally considered as undesirables. Those permits should not be tolerated. They are wholly upsetting our legislation on immigration. One consequence of that system of permits granted at the instance of influential persons, religious, or benevolent associations and charitable organizations, is to increase our population and so add to the complexity of our economic situation. So you see that our law gives or may give rise to abuses, to the detriment of the welfare of the whole nation.

Speaking in the other House on May 7, a member said:

> But it is rumoured, as may be seen by articles in a number of Canadian newspapers, that people from other countries cross over to England, become naturalized, and then enter Canada. I do not wish to ostracize any race. All are entitled to a place on this earth. But each nation is also entitled to choose its new citizens. Let those who are obliged to resort to subterfuges to enter Canada remain in their own country. We wish to ascertain where we are at and know something about those who wish to settle here.

I commend those vigorous words.

I was strongly impressed by the speech of the honourable senator for Rigaud. I repeat the words of the honourable gentleman: "Canada was too indifferent to her sons going away."

Our primary duty is to look after our own people and to help them find ways of living a normal life. In town and country we have about 200,000 young people ready to set up on their own account, and condemned to inaction. Our pressing duty is to exert ourselves in order to keep them with us, before seeking immigrants abroad.

Let us make it easier for the sons of the land to settle on public lands. Let us apply to the betterment of their situation the sums that a flow of foreign immigration would of necessity cost the country. Nobody with a heart in his breast can leave our youths to struggle alone. They rightly ask for their share of the national heritage. It is not only a question of sympathy and affection. We have to acknowledge the rights of the young people and provide them with social legislation adapted to their needs, and give them reason to expect that they can prosper in the land of our ancestors. Let us hope that the wise counsels of those who devote themselves entirely to the solution of the problem of effective colonization may be heard and given effect to. Then youth will see the right and even way to follow.

The commendable effort at colonization must be continued and strengthened. Nothing but a strong and joint endeavour can prevent the exodus of our people to the United States. The task is not an easy one, but it is not beyond human power. On many farms, throughout the country, can be found families with several boys still at home. It is obvious that, failing industries and suitable farms to provide them with employment, we shall lose that human capital, to the benefit of our neighbours.

This is no time for the Federal Government to favour an active immigration policy, the only result of which would be to increase the number of unemployed in cities and towns. As long as the depression persists it would be unwise, at least, to let foreigners come in. Shall we, by favouring immigration, make still worse a situation already too deplorable, and which throws such financial burdens upon public authorities? That would undoubtedly work against our own interest, adding to our troubles, without any advantage even to the immigrants themselves.

Let us be careful not to endanger the economic improvement we have noticed these last months. Let us first deal with the pressing problems; let us set Canada back on her way, let us rid ourselves of unemployment, and then we may favour immigration, taking great care to choose the new-comers from among the best, so that they may be true co-operators in the building up of the country, true Canadians, and no fosterers of discord.

What I want to point out is this: in spite of circumstances that should paralyse such a move, there is now developing a methodical campaign which finds favour with the most diversified interests. Special interests, racial interests, people with wrong or defective views, combine in support of a policy which, on the whole, turned out to be such a failure in the past. It is incumbent on those who, like myself, want a settlement policy in accordance with the best interests of the country, its permanent and far-reaching interests, to organize and watch, lest they find themselves again overcome.

At the present time immigration has reached the lowest figures since Confederation. In recent years the emigration of our own people has been practically nil. We have closed the doors to evil elements, and undesirables have been steadily deported. The country's future will largely depend on governmental policies in immigration matters. Either the Canadian

soul will be strangled and drowned in the swelling flow of a foreign population, unassimilable, undesirable, and foreign to our national life, or else the Canadian spirit will keep on prevailing and ruling throughout the country, provided we hold to a policy of sound, selective, rational and effectively controlled immigration. According to the motion of the honourable senator for Rigaud, repatriation of Canadians should come first.

In 1931, the Department of Immigration closed all its information offices in the United States. What was the result? On April 2 the Government stated that from March 31, 1930, to March 1, 1936, 11,553 French-speaking people had entered Canada from the United States.

Under the circumstances, it seems to me opportune to call the attention of honourable senators to the problem of repatriation.

I hope that when the immigration campaign is resumed all our legislators will do their duty towards our compatriots who have emigrated to the United States. I would hasten the work of repatriating Canadians who are descended from the races which civilized France and the British Isles.

The French Canadians expatriated in the United States display the strength, the tenacity, the courage and heroism of the French race. They are fighting against an encroaching nationalism, and are working out the future, cherishing the tongue and the faith of their ancestors, but loyal to the flag of that virile and generous democracy which astounds the world with its daring conceptions and its triumphs in all fields of human endeavour. If we do not earnestly try to bring back to Canadian soil such a generous population, we shall be guilty of inexcusable treason, of undignified abdication, nay, of real national suicide which nothing can justify.

Seeing these hundreds of thousands of Canadians at work in the shops and factories of a foreign country is a moving sight. Their labour is enriching our neighbours, whereas Canada should reap the benefit of it, of their energy, of their talent and their patriotism. The Franco-Americans occupy a place of honour among the immigrants who come to our country. Their sentiments, their ideas, their aspirations are similar to ours. In Canada's interest we should promote the return of a population which is important because of its traditions, great in its heroism, strong in numbers and in its attachment to the religion of its ancestors. Years of persevering work will be needed to realize in large measure the work of repatriation. I understand the difficulties of such an undertaking.

Our people own millions' worth of property in the United States. Because they own land, are naturalized, have created French schools, have established a system of parishes and national societies, the Franco-Americans are attached to the soil of the Republic, and all these ties create obstacles to their repatriation.

Besides, I may say without fear of contradiction that mass repatriation of Canadians from the United States is Utopian. But I know large numbers of them would like to return to Canada.

When economic conditions permit our resuming an efficient immigration campaign, we can adopt the necessary methods to favour repatriation, and it will be easy to find thousands upon thousands of these admirable settlers who wish to return to Canada.

While busy laying foundations of a nation, and especially incorporating within our indigenous group masses of foreign populations, we must use the greatest caution so as to make sure of obtaining the best elements, from a moral as well as from a physical or an intellectual standpoint. To reach that goal it will be necessary to practise the strictest selection.

We must close the doors of our young and enterprising country to immigrants of unknown antecedents. Anyone desiring to enter here should bring a certificate establishing that he has not been guilty of crimes implying moral turpitude. Such certificate might be granted by a court clerk, a reputed magistrate or a clergyman.

Quality is more important than quantity, in immigration, and it is the aim towards which all the efforts of the Government should be bent. In choosing immigrants we should take account of the past, of our traditions and of the teachings of our history. As Canadians we are proud of our origin, and our pride is justified. The immigrants to New France were chosen with minute care. Our forefathers carried in their veins the noblest and most generous blood of France. At the end of the American War of Independence the Loyalists came here in their thousands. And later, those who came from Scotland, Ireland, England, to colonize Ontario, Quebec and the Lower Provinces, were assuredly descended from the best families of those countries. Those immigrants were the founders of Canada, not only in the material sense, but in every sense, and the history of those families, of their energy, of their devotion and their confidence in the future of the

country, will remain for ever engraved in every true Canadian heart. Our Government has therefore the sacred duty of protecting that lineage in every province, against all attacks, against all loss of that strength, that vigour, that vitality which has so far distinguished Canada.

The time has come for submitting to the most careful consideration the whole question of immigration, and I state without fear that the present regime must be changed. Canada is an immense country where natural wealth abounds, and the stream of immigration must turn towards us. The hour has come for us to show a certain pride, to take precautions and to act with all the circumspection which should distinguish our young nation. We must make sure that only the best elements will be admitted here, and as the elder sons of the country, as the descendants of the pioneers, of the early settlers, we must watch and see that Canada admits only those who are truly worthy to collaborate in the upbuilding of a great nation. In the interest of our civilization, of our country, we beg the Government to make a judicious choice among those who wish to enter the Canadian family.

To reach that goal, the State should make an inquiry on the subject of immigration. In 1907 the American Congress decided on a thorough inquiry on immigration, immigrants and the consequences which might accrue to the United States from the rush of new citizens into the Republic. The same year Congress appointed a commission of nine members: three senators appointed by the Speaker of the Senate, three Congressmen, and three other persons, appointed by the President of the United States. Generally speaking, the country reaped great benefits from the work of that commission.

May I make a suggestion? At the beginning of next session the Canadian Senate might institute an inquiry on immigration and attendant problems. Everyone admits to-day that the subject is of vital importance to the country. We should most ardently wish to adapt to circumstances and to the new needs of Canada a sane and enlightened policy. After a comprehensive study of the situation the Federal Parliament would be able to enact the necessary laws to render the new policy on immigration and colonization more efficient.

The legislators of the House of Commons and those of the Senate are all Canadians, and good Canadians; we are all anxious to keep our young people in Canada, and all our citizens on Canadian soil.

To conclude, may I state what I consider to be the most pressing need for the success of immigration? There should be the closest collaboration between the federal and provincial governments. To my mind, it would be the best way to arrive at good, national action.

Hon. Mr. DANDURAND: I do not know whether any other members of the Senate would like to be heard on this question. I intend to speak upon it. I will move the adjournment, and if anyone else desires to speak he may do so.

The debate was adjourned.

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

THE SENATE

Thursday, May 28, 1936.

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

Prayers and routine proceedings.

PRIVATE BILL—DOMESTIC FINANCE CORPORATION

REPORT OF COMMITTEE

Hon. Mr. BLACK, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill B, an Act to incorporate Domestic Finance Corporation, and moved concurrence therein.

Hon. Mr. MURDOCK: Honourable senators, I wonder if the Chairman of the Committee on Banking and Commerce will give us an indication as to why this and the two preceding bills are coming to us now apparently unchanged. Some of us who are not members of the committee understood the committee had been earnestly engaged in making a general résumé of the whole loan situation with a view to preparing an entirely new bill or materially changing these measures. Would the Chairman indicate to us what has been done?

Hon. Mr. BLACK: Honourable senators, in reply to the honourable senator from Parkdale (Hon. Mr. Murdock) may I say it is true the committee has been considering a model bill. The committee has made considerable progress with it; perhaps more progress to-day than at any previous sitting; but the present session of Parliament is, we hope, nearing its conclusion, and if these three measures were delayed until the model bill is ready it is quite possible, indeed probable, that they would not be passed this session. At least one or two of these bills have been before the House for three months, and the committee deemed it advisable that they

should not be held back any longer. If the model bill is passed it will embrace all small loan companies in the country, including the three whose bills for incorporation have been reported to the House to-day.

Right Hon. Mr. MEIGHEN: May I supplement what the Chairman of the Banking and Commerce Committee has stated? The measure now before that committee is not merely a model bill; it is a general bill governing the whole small-loan situation and embodying a model bill. One of its provisions is that small loan companies already operating shall hereafter have the charter which that bill provides, and no other. These three companies are asking for only what has been given to existing companies; so the committee deemed it unfair to hold back the bills and thereby cause them to fall by the wayside in the event that the model bill is not passed this session. But if the model bill does go through, then these companies will come under it, along with all companies at present existing.

Hon. Mr. MARCOTTE: Honourable senators, I would ask for the third reading of Bill B to-day. This particular Bill has been before the Senate for the last three months, during which time the promoters have been patiently waiting for general legislation. That general legislation may or may not pass this session, but why these people should be penalized in the meantime I am at a loss to know. As has been explained, if there is general legislation these people will have to submit to it.

Hon. Mr. MURDOCK: Two other bills have come to us to-day from the Banking and Commerce Committee.

Hon. Mr. MARCOTTE: I am not the sponsor of those.

Hon. Mr. MURDOCK: They are similar bills.

Hon. Mr. MARCOTTE: Exactly.

Hon. Mr. MURDOCK: And the motions for their third readings have been put over until Wednesday next. It would seem reasonable to treat this one in the same way.

Hon. Mr. MARCOTTE: If I were the sponsor of the other two bills I would ask that they also be given third reading to-day. But I am sponsor for this Bill only.

The motion for concurrence in the committee's report was agreed to.

Hon. Mr. MARCOTTE: I would move that this Bill be read a third time now.

Hon. Mr. BLACK.

Hon. Mr. MURDOCK: I object to this Bill being read the third time to-day, in advance of the other two.

Hon. Mr. MARCOTTE: Of course, if there is any objection I cannot make the motion.

The Hon. the SPEAKER: It requires unanimous consent.

Hon. Mr. MARCOTTE: Then I move that the third reading be placed on the Order Paper for Tuesday next.

The motion was agreed to.

REPRESENTATION OF CANADA AT THE CORONATION

INQUIRY

Hon. Mr. GRIESBACH inquired of the Government:

1. Is the Government prepared to state now what its proposals are for the representation of Canada at the Coronation of His Majesty King Edward VIII?
2. In particular, its plans for representation at the Coronation of the armed forces of Canada.
3. Any other form of representation or participation in the Coronation ceremonies.

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

The Government is now considering this entire question, but will be pleased to receive suggestions and will disclose its proposals as soon as practicable.

DESIGNATION OF SENATORS FROM WINNIPEG

On the Orders of the Day:

Hon. L. McMEANS: Honourable senators, before the Orders of the Day are called may I direct attention to a simple matter concerning my worthy colleague from the city of Winnipeg (Hon. Mr. Haig) and myself? In a debate yesterday my honourable friend delivered a very able address, and later in the afternoon other honourable members referred to him as the senator from Winnipeg. I am proud to be known by that title myself, but at the same time I do not desire that anyone should give me credit for the excellent speech delivered by my colleague.

Hon. Mr. LACASSE: Nor hold you responsible.

Hon. Mr. McMEANS: When he first came to the House he was referred to as the senator from Winnipeg South. In discussing the matter with him I told him that the whole was greater than the part, and that he, as well as I, was entitled to the appellation of senator from Winnipeg; a fact of which he is, no doubt,

very proud. Now I want to suggest that we adopt a custom that has been followed previously in this House when more than one senator desired to be designated as coming from the same city. For instance, when the late Sir George Foster was alive he was known as the junior senator from Ottawa, and another honourable gentleman was called the senior senator. I should be glad if in future honourable members would refer to Senator Haig as the junior senator from Winnipeg and to myself as the senior senator from Winnipeg.

Hon. Mr. CASGRAIN: Carried.

Hon. Mr. HARDY: Is not the honourable gentleman always spoken of as "the" honourable senator from Winnipeg?

Hon. Mr. McMEANS: Yes; and I want to divide the honour with the other honourable senator.

INTERNAL ECONOMY AND CONTINGENT ACCOUNTS

REPORT REFERRED BACK TO COMMITTEE

On the Order:

Consideration of the sixth report of the Standing Committee on Internal Economy and Contingent Accounts.—Hon. Mr. Sharpe.

Hon. Mr. MURDOCK: Honourable senators, some misapprehension appears to have developed with respect to this report, and therefore on behalf of the chairman (Hon. Mr. Sharpe), who is unavoidably absent, I move, seconded by Hon. Mr. Lacasse, that the report be referred back to the committee for further consideration.

The motion was agreed to.

NATIONAL HARBOURS BOARD BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 17, an Act respecting the National Harbours Board.

He said: Honourable senators, the measure now submitted for second reading has to do with the management and financial control of the national harbours of Halifax, Saint John, Quebec, Chicoutimi, Three Rivers, Montreal, and Vancouver.

Until recently these ports were administered by separate harbour commissions, each composed of three men chosen from the immediate locality. It was found in practice that this form of control was inefficient and exceedingly costly to the Federal Government.

During 1931 a survey of the national ports of Canada was conducted by Sir Alexander Gibb, who, after a close study of the operations of each harbour, recommended that local commissions be abolished and that the control be centralized in Ottawa. His report was made in January, 1932, but no action was taken on it, and the administrative weaknesses and undesirable practices to which he called attention continued in increasing measure during the years that have followed.

Shortly after the present Government took office the local harbour boards were replaced by a central board located at Ottawa, this board being appointed the harbour commissioners for each of the seven ports. To this extent control of the harbours has already been centralized in Ottawa, but satisfactory results can be obtained only when new legislation is passed that will make possible proper accounting and adequate control of the financing of each port, and will provide for necessary expert direction of the businesses conducted by the various port managements.

The importance of the Bill will be appreciated from the fact that the property assets of the seven ports brought within the jurisdiction of the proposed measure represent to-day a capital investment of $176,000,000. Their annual revenues have varied from $7,000,000 to $9,000,000, and their annual expenditures from $10,000,000 to $23,000,000, over the past six or seven years.

The proposed Bill provides for the creation of a National Harbours Board with headquarters at Ottawa, which, under a Minister of the Crown, will be responsible for the administration, maintenance and control of the seven ports, as well as of any other harbour property which the Governor in Council may transfer to the board for administration.

It is intended that each of the three members constituting the central harbours board shall be an expert in some branch of port activity, and that engineering works which heretofore have been under the direction of small local staffs shall in future be carried out with the best engineering skill available in the Government services.

Local management will devolve upon competent port managers with the proper background of experience, whose duty it will be to develop the same local contacts that were formerly maintained by the separate harbour boards.

The financial control of each port will be under the direction of the Comptroller of the Treasury and subject to audit by the Auditor General of Canada. Accounting for each port will, however, be carried out at the port, and funds earned at one port will not be diverted for use elsewhere.

This Bill will provide for the amalgamation of the present seven harbour corporations,

and the change is intended to ensure a substantial saving in operating costs, a budgeted control of expenditure, and a co-ordinated and greatly improved direction of port administration and engineering practice.

My right honourable friend may again remark on the fact that I have been following closely a memorandum from the department interested. I would remind him of the predicament he was in when he sat on this side of the House and had to introduce legislation coming from fifteen departments and more. I confess that it is difficult, and that at times I have had to work eighteen hours a day in order to digest the data placed before me. I must apologize if occasionally I have had to make use of memoranda in the form in which they reached me from those departments. However, I have been in the fortunate position of being able to enlist the goodwill of the House for the propositions which came to me from various departments, because they had my hearty approval. In this case—

Right Hon. Mr. MEIGHEN: Will the honourable gentleman permit me? I think he has misunderstood what I said yesterday. I certainly would not criticize the use, on the introduction of Bills, of explanatory memoranda from departments. I think it is essential at times and cannot be avoided. What I did refer to—not by way of criticism—was the very feeble and imbecile quality of certain memoranda provided later to answer arguments in this House.

Hon. Mr. DANDURAND: Of course, there is sometimes more virtue in a statement as it appears in cold print than when delivered by my humble lips.

I desire to say that I heartily concur in the purpose of this Bill. I know that we in this Chamber are not all of one mind on the question. I have had considerable experience in watching, somewhat at a distance perhaps, the administration of harbour boards, and often I have been struck by the vast sums of money that they were spending. I soon realized that many harbour commissioners were for the first time in their life in contact with port management. They had never been exporters or importers, had never had occasion to use the harbour facilities, and yet they were called in to supervise very important harbour operations. Of course, not all harbour commissioners fall under the description I have just given. I have come in contact with harbour commissioners who have had considerable to do with export and import business. They were good business men and quickly qualified themselves in harbour management. But I realized that the actual administration was in the hands of two or three men who were managers, or members of the engineering or some other profession. It meant that the Government of Canada, guaranteeing loans and advancing money by millions and millions of dollars, had not sufficient contact with the port administration. For a number of years I have been considering some mode of administration which would bring the responsibility directly under the representatives of Parliament. That is the object of this Bill.

I may be told that a centralized authority in Ottawa will not imbibe the atmosphere and aspirations of the port, but I have yet to learn that the vast majority of local people have very much influence on port administration. I have for the last seventy-four years been a citizen of Montreal, but I have never yet been invited to advise the port authorities on the development of the harbour. I feel that probably 99 per cent of the citizens of Montreal have had no more concern in the administration of the ports than I have had myself. Of course I am not suggesting that the 99 per cent had the necessary qualifications to meddle in the administration of the port.

There was a time, some forty years ago, when the port of Montreal was administered largely by representatives of the Board of Trade, the Shipping Federation and the Grain Exchange. Those men, engaged as importers and exporters, had direct representation on the board. Undoubtedly those closely associated with the business of our ports have an interest in their efficient administration. Under this Bill they will have an opportunity to express their opinion to the general manager or to the federal commission.

I have always felt that a number of abuses were likely to be perpetuated by reason of the absence of any close co-operation between the Government that furnished the money and the commission that spent it. This always left me in a quandary as to proper financial control. Now the authority at the source of supply will have under its very eye the administration of the ports, and, as I have just stated, the engineers and experts of the department in Ottawa will largely supervise the expenditure of the funds. I have great confidence in the personnel of those departments, and their experience, gathered from all the ports of the country, will, I believe, have a beneficial effect on the solution of the problems that arise.

For these reasons, reserving whatever other arguments I may have in favour of the Bill in order to await the objections that may arise, I move the second reading of the Bill,

seconded by the right honourable senator from Eganville (Right Hon. Mr. Graham).

Hon. C. C. BALLANTYNE: Honourable senators, my leader has been good enough to assign to me the very arduous task of opening from this side of the House the debate on this very important question. This is due to the fact that some thirty years ago—for five years under a Liberal administration, and for one year under a Conservative administration—I was one of the harbour commissioners of the port of Montreal, filling the position as well as I could, and later was Minister of Marine. I think it will be admitted, therefore, that I should have a very fair knowledge of both sides of the matter. I cannot altogether agree with the remarks that have just fallen from the lips of the honourable leader of the Government. Apparently he has not followed the management of harbours as closely as he might have done; otherwise his views might have been expressed a little differently.

First of all, let me say to this House that the chief port authority since the year 1905 has always been vested in the Minister of Marine. The first harbour board of three was appointed in 1905 by the Liberal Government of Sir Wilfrid Laurier, and was under the very able direction of Hon. L. P. Brodeur, Minister of Marine at that time. Prior to 1905 most of the ports came under the jurisdiction of the Minister of Public Works.

The leader of the Government has told us how, prior to 1905, certain very distinguished citizens had much to do with the port of Montreal. In that I thoroughly agree with the leader of the Government, but I would point out that the results were very disastrous. Nothing could be said against the personnel that managed the port of Montreal up to the end of 1905. The board at that time was composed of eleven members. Six—one of whom was president—were appointed by Order in Council; one was the mayor of Montreal, ex-officio; one was the representative of the Montreal Board of Trade; one the representative of the Chambre de Commerce; one the representative of the Montreal Corn Exchange, and one the representative of shipping. Surely the interests represented in that aggregation were sufficiently diversified. The trouble was that the gentlemen representing the various interests could not agree around the harbour board table, there being nothing but quarrelling day in and day out. As a consequence the development of the harbour of Montreal was virtually at a standstill.

Some four years before, large contracts had been let. One of these contracts was for fourteen double-deck steel sheds, of which only five were partially completed when the new commission of three assumed office on January 2, 1907. The harbour of Montreal was in such a chaotic condition that in 1905 the Montreal Board of Trade petitioned the Government to abolish this board of eleven and to appoint a board of three.

Again the Minister of the day, the Hon. Mr. Brodeur, showed his sagacity and wisdom. Before deciding to do what had been asked he visited Montreal and called upon and consulted the presidents of both railways, the president of the Shipping Federation, the Chambre de Commerce, the Corn Exchange, and all the other interests, and satisfied himself that they really wanted a change and were agreed that the number of harbour commissioners should be reduced to three. Then he went even further. He said to these interests: "Not one man who applies for the position will be appointed to the new board. It is my desire, and that of the Government, to free the port of Montreal from political patronage. I will go outside and try to get disinterested men. Furthermore, when I have decided on the men I will come back before appointing them and see you again to find out whether or not you approve."

To my great surprise—I being one of the men referred to by the leader of the Government (Hon. Mr. Dandurand) as knowing nothing about shipping—I was asked to become a harbour commissioner. Major George Washington Stephens, a real estate man, was another; Mr. L. E. Geoffrion, who was engaged in the wholesale grocery business, was the third. While we appreciated the honour, none of the three of us wanted to be a harbour commissioner at all, for the very good reason that we were busy men. But under considerable pressure from many sources we eventually agreed.

Then we came up to Ottawa to see Sir Wilfrid Laurier and the Minister of Marine. We said to them: "It is a great responsibility that you wish to place upon our shoulders. We are willing to undertake it if you will give us a free hand to manage the affairs of the port of Montreal as we would manage a private business." Both Sir Wilfrid Laurier and Mr. Brodeur at once said: "Certainly. You will have full charge of the port of Montreal. You will have no political interference whatsoever from the Government, the Minister of Marine, or anybody else." We then assumed office.

One would have thought there would be smooth sailing from then on, but quite the contrary was the case. When we assumed office we were assailed from every side, every hour and every minute of the day, by patron-

age seekers. The chairman of the harbour commission, Major Stephens, said to these patronage seekers: "Gentlemen, times have changed. There will be no politics whatever in the management of the port of Montreal so long as we are the commissioners." These office seekers were very much annoyed and said, "Well, if that is your policy, we are going up to Ottawa to see the Minister." They came, not once, not twice, but dozens of times; but, to the everlasting credit of the Hon. Mr. Brodeur, he turned a deaf ear to one and all of them, and said, "The affairs of the port of Montreal are in the hands of the three commissioners, and neither the Government nor myself will interfere."

Still the battle raged. I will not weary the House with many of the difficulties that were encountered. The two railways were using the harbour and one was blocking the other; so we decided to organize a traffic department. When it was known that we wanted a traffic manager the usual swarm of political bees hived around the harbour office. Again the chairman told them that we were going to get an experienced traffic man. We stood to our guns, and the Canadian Pacific Railway gave us Mr. Vaughan, one of their best terminal men, and ever since then the traffic has been very efficiently managed, as many as a thousand cars a day being handled.

In another instance we assigned to a certain steamship man a shed that did not please him. He said, "I won't take that shed," and up he came to Ottawa. Again the Minister said he would have to come to see us; and he had to take the shed we had assigned to him.

Just two more instances and I am through with patronage. When we organized the traffic department we said: "The charge per car will be $2. If we find that charge is too high or too low, we shall alter it next year." The following year we advanced the charge to $2.50. The Canadian Pacific Railway and the Canadian Northern readily agreed. The Grand Trunk Railway Company, however, under Mr. Fitzhugh, said, "No, we will not pay $2.50 a car." Negotiations went on for some time. Then the late Mr. C. M. Hays came down and took a hand in the affair. He said: "I will refer this matter to Ottawa; I will place it before the Privy Council there." The commissioners said to him, "Mr. Hays, that is your privilege, but if the Privy Council agrees with you our resignations will go to Ottawa by wire." He came up and placed his case before the Privy Council, and the Privy Council said, just as the Minister had said to others, "We will not interfere." One would have thought that then the trouble was over. But no. He would not pay the $2.50. So we put a big locomotive at the foot of McGill street and refused to take any further traffic from the Grand Trunk. As a result ships could not get cargoes, and relations were very strained until the Grand Trunk Railway at last agreed.

On another occasion a very large delegation waited on us. It was headed by an English-speaking member of Parliament who said: "Gentlemen, I desire to introduce to you the members of the Patronage Committee. No appointment shall be made by the Harbour Commission until our secretary has been notified. He will tell you whom to put in the various positions." Again the president said, "We are not managing the harbour in that way."

I cite these cases because I am leading up to certain objections which I am going to make to this Bill. I may say that I am not opposed to the principle of the Bill, and my object in rising now is not to embarrass the Minister or the Government, but simply to make certain suggestions that I hope will fortify the central board and the Minister against the onslaughts which rage from day to day in regard to patronage, and which will get very much worse.

This Bill contemplates placing the important harbours from Vancouver to Halifax under a central board. My honourable friend has referred to technical experts, but I have never met anyone who is a technical expert in connection with harbours. I should not know where to find one. Indeed, I do not think there exists anyone who could be called a technical port expert. My reason for so stating is that such a man would have to be a civil engineer, a marine engineer, a traffic expert, an accountant and an elevator expert, and would also have to understand police work, because a large police force is maintained at the port. So I do not know what is meant when the Minister in another place and the leader of the Government in this House talk about placing the harbour of Montreal under technical experts.

The honourable leader said it was a strange thing to appoint as harbour commissioners men who knew practically nothing about harbours. I confessed a few moments ago, and I repeat, that I knew nothing at all about the port of Montreal. Neither did Major Stephens nor Mr. Geoffrion. It is impossible for any one man or any half-dozen men to possess all the existing diversified knowledge about ports. Nor is it necessary that a man should have such knowledge. The qualifications required of commissioners are that they be able, practical and honest business men. They are surrounded by all the technical advisers they need, just as business

executives are. May I digress for a minute and make a personal reference? I spent all my life in the paint and varnish business, and was the head of a very large concern. But I do not know how to make any kind of paint or varnish; I am not familiar with the details of the manufacturing processes. Nor was I, as the executive head, supposed to know about these things. What I was employed for was—whether I possessed it or not—the necessary executive ability, and the ability to choose as my assistants men who had the requisite technical skill. Similarly, a port manager, or a central board, is called upon to perform nothing but executive work.

I regret very much the exaggerated statements that have been made with regard to former harbour boards. As I have already stated, the harbour commissioners of the port of Montreal over a period of 106 years have been most distinguished men. On the harbour front of that city there stands to-day a monument to the Hon. John Young, who performed a great service not only to the port of Montreal, but to the Dominion. The people of Montreal have a right to be proud of the greatest, the most modern and best equipped port that can be found in any part of the world. This Bill will do more than anything has previously done to destroy the interest that those citizens have in their port.

I am not going to advocate a return to the system of harbour commissioners. However, I will say that, first of all, the responsibility for whatever action is taken, right or wrong, rests on the Minister of Marine, the Deputy Minister and those who look after the operations of all the ports. What is the first thing that members of a harbour board have to do? They have to make up their budget in great detail. So they must come to whom? To the Minister of Marine at Ottawa. They say to him, "Here are our plans of development for the next year, or five years, and we should like to know whether you approve of them or not." All detailed explanation is given to the Minister at the time, and he can say yes or no. If he approves of the plan, it is the duty of the Deputy Minister to follow the progress of the work. And in the Department of Marine there is an auditor whose special duty it is to watch the finances of not only the port of Montreal, but every port in Canada. So it ill becomes anyone to hurl disrespectful remarks at harbour commissioners, and point to allegedly wasteful expenditures. If there have been wasteful expenditures, is it not fair to say that half of the responsibility must rest on the various Ministers of Marine and on the Marine Department? If some contracts were irregular, if certain port developments were unnecessary, why did not the Minister of Marine at the time say to the harbour board or boards concerned, "You must not proceed with that work"? And even after a project has received the Minister's approval it must come before the Government, for there has to be an Order in Council.

One would take it from the remarks made by my honourable friend to-day that the present and past Ministers of Marine have really had nothing to do with the development of our ports. One would think that this Bill is introducing a new departure. It would appear that the Government, horrified at unnecessary expenditures on harbours, is bringing forward a new plan to centralize authority here and to require the approval of the Minister of Marine to various undertakings. Well, I think I have shown that the authority has always been here at Ottawa. I admit that certain harbour commissioners may have done things that they should not have done. But was it fair for the Minister in another place to make such an unwarranted attack on harbour commissioners and say nothing about the responsibility of himself and his department?

Let us see what Sir Alexander Gibb has to say about harbour commissions. He says:

> There is strong evidence that the Commissions of Montreal and Vancouver played an important part in this progress.

In the previous paragraph he referred to twenty-five years of great progress and port development.

> They provided a type of administration at least the equal of any that was to be found elsewhere on the North American continent; and notwithstanding mistakes, which no system can prevent, the developments under the two Harbour Commissions—

That is, of Montreal and Vancouver.

> —have generally been sound and economically justified.

Hon. Mr. BEAUBIEN: What is the date of the report, please?

Hon. Mr. BALLANTYNE: It is 1932. I consider that a very fine tribute, coming as it does from Sir Alexander Gibb, who has a great knowledge of world ports.

May I make a further reference to the Department of Marine? The department has been known to override harbour commissioners, not by letter, but by word of mouth. I will admit that harbour commissioners should not have permitted that kind of thing, but it is well known that they did. If many millions have been spent irregularly, at least half the blame can be laid at the door of the department, at whose instigation some large works were carried out.

While approving of this Bill in principle, I am really at a loss to know how the port of Montreal can be efficiently managed under it. If I have read this Gibb report once I have read it a dozen times, as I have read the Bill. The port of Montreal has a staff of anywhere from one thousand to fifteen hundred employees. Problems are arising there daily. While I was a commissioner my colleagues and I were at the port every day. We usually took our lunch there. We discussed current problems and arrived at our decisions. Under this Bill there will be a port manager. But let me say here that in looking through the measure I was amazed to find it contained not a single word about a port manager. In his report Sir Alexander Gibb pays very careful attention to the position of port manager, and he expresses the hope that the person filling such a position will not be an engineer. I say that with all due respect to the engineers of the country.

Sir Alexander Gibb says:

> Each port should have an executive, of sufficient permanency of tenure to be beyond the need of courting political or other interests, and thus able to concentrate its energies on the business of operating the port with greatest economy and efficiency. This executive head should be an individual, rather than a board. The title is immaterial and I have only for convenience adopted that of Port Manager.
>
> The port manager's duty should be the operation of the port, and not the formulation or direction of the policy. He should be selected for his general and business abilities. If he has suitable shipping or railway experience it would be an advantage, but it should not be made a definite stipulation. Ordinarily, in my opinion, an engineer, unless of special experience, is not the most suitable man for such a position.
>
> The port manager would be appointed on a contract for five years, but it should be one of the conditions that the central authority should have the right to make use of his services at headquarters or in a similar post at another port.

Perhaps later on the leader of the Government will tell us why the Bill makes no mention of a port manager and the duties attaching to such an official, as outlined in the Gibb report.

The Bill merely provides for the appointment of a central board. I understand that the present board of civil servants is to hold office only temporarily, and I hope that when the Government decides to appoint a permanent board it will choose three outstanding men,—middle-aged men of means, who will be willing to devote at least five years to this great national problem. I should be pleased if the Government chose one man from British Columbia, one from the province of Quebec and one from the Maritime Provinces.

I am altogether in favour of a central board. There are two functions which such a body is charged to carry out. No doubt there will be difficulty in getting a thoroughly competent man as chief engineer; that is, one who understands port development. That was one of the difficulties we had to contend with in Montreal in arranging for plans for the building of piers and the carrying out of developments over a long period of years to come. We found it necessary to bring from England an engineer with great experience in port development. But, no doubt, the central board will see to it that it gets a thoroughly competent man, and to him will be given general supervision over all the construction work of all the ports. I think that is sound and wise. He will also be in charge of the finances, and have available the services of an auditor. It does not necessarily follow that he should have a large staff. I understand that in Ottawa now there is a large suite of offices and a staff of something like thirty.

The detailed operations of each port must of necessity be left to the port manager. He must have the power to engage and discharge men. Let me repeat that there is nothing whatever in this Bill about the duties of a port manager. I ask honourable members how it would be possible for any port manager to manage a large port when he had not the right to engage or discharge his men. Obviously, he would be only a rubber stamp, and could not be expected to maintain discipline and efficiency. I hope when the Bill is in committee the honourable leader opposite will see the advisability of so amending it that the duties of the port manager will be specified in unmistakable language.

When certain interests connected with any of our ports disagree with the judgment of the port manager, they will naturally come to Ottawa to see the central board. The central board of course will have to listen to them, but I do trust that for the sake of port efficiency the board will simply say, "Well, gentlemen, we are very glad you came here, we are pleased to have had your views, and we will communicate with the port manager." It is absolutely necessary for the central board to stand behind the port managers if we are to have economical and efficient management of our national ports. I am sorry to say that at the present time there is apparently no indication of that being possible.

I do not know the acting manager of the port of Montreal. I am told he is a very good man. In this connection let me read in

part a letter which I have very recently received from Montreal. The writer says:

Present chaotic conditions are due entirely to failure of the Ministers, Deputy Ministers and Supervisor of Harbour Commissions, all of whom have responsibility, which they were paid to bear.

Is remedy to be found in now placing all ports in hands of an officer of a department, which has deplorably failed in its duties in the past, and brought about the complete demoralization of facilities, in which some $370,000,000 of the people's moneys have been invested, and in whose development, during the past twenty-five years, many of the brightest minds in Canada have been engaged?

At present, not more than $5 can be expended, without the approval of the central board, for stationery and office supplies.

Otherwise, the acting port manager, the records show, can purchase general supplies up to $1,000, but in practice everything is submitted to Ottawa because of the fear of displeasing someone.

Hon. Mr. PARENT: Who signs the letter?

Hon. Mr. BALLANTYNE: I prefer not to disclose the writer's name, for it is a very caustic letter. He points out that the commission is required to send to Ottawa a list of cold storage, grain elevator, and other employees. Then what happens here? A list of job-seekers is sent back and the old employees are discharged.

I do not think that is what the Minister or the Government desires, and I am quite sure it is not what Sir Alexander Gibb would recommend. What I hope the Minister and the Government are driving at, and what would certainly carry the judgment of this House, is a plan to give our national ports modern and efficient management, and, so far as is humanly possible, free them from the evils of patronage.

But if it is intended to centralize in Ottawa control of the purchasing of port supplies, if all orders are to be placed only with those on the patronage lists, and if all tenders are to be opened by the central board and then sent to the Minister, I contend that it would be unfair to place the central board and the Minister in such an embarrassing position. Ever since the temporary central board has been functioning in Ottawa it has been besieged night and day by members of Parliament and others seeking positions and favours for their friends. The other day a member of Parliament told me that he had sent in between 500 and 600 names. Later on I shall have a suggestion to make in reference to this condition of affairs.

I come now to the question of grain storing. The storage capacity at the port of Montreal is some 13,000,000 bushels. The port operates the most modern elevators that skill and money can provide. The equipment enables a lake vessel to be unloaded at the rate, for each marine leg, of 14,000 to 22,000 bushels an hour. The grain is handled by conveyer belts. The belts are brought opposite the ship and the grain is dropped into spouts, which in turn pour the grain into the hold.

Those elevators were built, not for storage, but for transhipment only, but during the last year or two they have been glutted by unsalable grain. The harbour commissioners should not have allowed the elevators to be used for this purpose. There are to-day in those elevators well over 8,000,000 bushels of No. 2 Northern wheat. As a result of this misuse lake vessels coming down to Montreal were subjected to serious delay. For the latter half of August I have these figures: 15 vessels suffered an average delay of eight days; 29 vessels, seven days; 34 vessels, eight and a half days; 18 vessels, seven days; 25 vessels, three days. The shipping company whose lake vessels were so delayed and were not able to discharge their grain into the harbour elevators sustained an estimated loss of $142,250, on the basis of 569 days at $250 a day. I hope the new administration will see that the elevators are reserved for transhipment service, so that when lake vessels arrive in the port they will be able to discharge their cargo in forty-eight hours and then turn around.

I regret the building of an elevator at Sorel. There never was any necessity in the world for a grain elevator there.

Hon. Mr. RAINVILLE: And at Three Rivers.

Hon. Mr. BALLANTYNE: I am coming to that. Sorel has simply chiselled the port of Montreal out of its grain business, because it has not what is called top wharfage, being a charge for handling the grain. Sorel said, "We will have none of that." The storage of grain in elevators is controlled by the Grain Commission, but it is very doubtful whether the port of Sorel charged the rates prescribed by the Grain Act. Anyway, with ample grain storage facilities in the port of Montreal it was quite unnecessary to allow an elevator to be built at Sorel, and it has made serious inroads on the revenue of the port of Montreal.

It is proposed now to build a private elevator at Three Rivers. I advance the same reasons against this project that I have advanced against the elevator at Sorel. Montreal at its peak handled 211,000,000 bushels of grain in a season. Last season the total dropped to 60,000,000. It is important that an ocean steamer coming into the port of Montreal should be able to turn around

as quickly as possible, so that she may take on her grain at the same time as she takes on her general cargo. Why a vessel should have to take on a certain amount of cargo and then go to Sorel or Three Rivers for grain is beyond my comprehension.

I have a few suggestions to offer which I hope will appeal to this House. I think outside men should be appointed to the central board. I do not think it is worth while trying to find the expert man of transcendent abilities. He is to be found only in the pages of our newspapers. I would suggest that for the position of port manager a good, level-headed man be selected. His duties should be clearly defined in this Bill. And I would certainly suggest that the permanent staff be placed under the Civil Service Commission. I would allow the port manager to engage his temporary help. If the permanent staff is to be engaged by the central board in Ottawa, we can visualize what its personnel will be. Under that system, we can imagine the port manager going to, say, the superintendent of an elevator and remarking: "I don't like the way you are handling this elevator. You are delaying these ships." That superintendent would look at him and probably retort: "Oh, yeah? You didn't engage me, and you can't discharge me. You had better go and take a walk!" Under such a system port efficiency would be a thousand times worse than it ever could be under the old regime. Therefore I would recommend that all permanent employees drawing a salary of $1,200 and over be placed under the Civil Service Commission, and that the temporary help be under the control of the port manager.

Now I come to the last and most important of my suggestions. Under this Bill, when tenders are called they will be sent to Ottawa to be opened by the central board and then handed to the Minister. Can honourable members imagine the crowd that would be sitting outside the Minister's office when millions of dollars' worth of contracts are to be let? I ask them to try to imagine the flood of letters he would receive from every member of Parliament representing a constituency in which the work would be done; letters of this type: "I want John Jones to get this contract. He has always been a fine party man and has backed me in every election." Why, the Minister would be hamstrung right at the beginning. Therefore I would suggest that when the Bill is in committee it be amended to provide that tenders be opened publicly in the presence of the tenderers—the practice introduced by the former Minister of Public Works, Hon. Mr. Stewart.

This Bill is second in importance to the Railways Bill which is now before the other House, and I submit it is our duty to improve it in every way possible without affecting its underlying principle.

Hon. Mr. PARENT: Before the honourable gentleman resumes his seat, may I ask him why, when Minister of Marine, he did not place the permanent staffs of our national ports under the Civil Service Commission?

Hon. Mr. BALLANTYNE: At that time the harbour commissions engaged and discharged their men; but the purpose of this Bill is to centralize in Ottawa authority not only over the port of Montreal, but also over the other national ports.

There is one thing I have overlooked. I paid a tribute to the Hon. Mr. Brodeur. I desire also to pay a similar tribute to the Hon. J. D. Hazen. We enjoyed the same freedom under him as we did under his predecessor, the Hon. Mr. Brodeur.

Hon. J. H. RAINVILLE: Honourable members, the honourable leader of the Government (Hon. Mr. Dandurand) has rightly said that about 99 per cent of the people in the city of Montreal do not know much about their own port. While I intend to deal generally with our seven national ports, I shall be more specific in my references to the port of Montreal, so that those 99 per cent of the citizens may become better informed about that great port and realize what they will lose if this Bill becomes law.

Admittedly the purpose of this Bill is to replace the local harbour commissions of our seven national ports with a central board at Ottawa. To justify this radical change the honourable Minister of Railways asserted that the harbour commissioners had been so unconscionable in their administration that he dare not publish their misdeeds for fear the public might lose faith in its leading men. I shall not attempt to reply to this audacious blanket accusation against men whose record as loyal and efficient public servants and high-minded and high-principled citizens cannot be questioned, even by a Minister of the Crown.

It has been well said by the president of one of our universities that "Audacity is one of the choicest fruits of inexperience," and that the man who is young enough to catch that disease "will measure everything and everybody, and in half an hour will pigeonhole the universe." The great economist Aubry was right when he said, "Les grands hommes seuls comprennent la valeur des autres."—"Only great men can appreciate the worth of others."

The men so accused have not been given an opportunity to reply to this attack upon

their honour; but the business men of Canada who have been in daily contact with the members of our various harbour commissions are well aware of the absurdity of this attack, and prefer to treat it with the silent contempt which it deserves.

But even if the honourable Minister's statements were to some extent justified, still I fail to see how this would warrant a change in the system. If some of the commissioners are at fault, it would be the logical duty of the Minister to demand their resignation and appoint competent substitutes. But has the system of management been unsatisfactory? Have the harbour commissioners so acted as to deserve the censure of the honourable Minister?

Honourable senators, I do not intend to deal with all the harbours covered by this proposed legislation, but shall try to put before you the case for the harbour of Montreal, confident that much of what I say will be applicable also to other Canadian ports. I wish, first of all, to tell this House about my connection with the harbour of Montreal, and to put before you some facts relating to it and to its administration by commissioners.

After the election of 1930 I was offered the chairmanship of the Montreal Harbour Commission. I hesitated for many days, but finally accepted, relying on the goodwill of the Board of Trade and the Chambre de Commerce—of which bodies I was a member—and of the Shipping Federation, the Corn Exchange—where I have many friends—and business interests in general. Immediately on my appointment I made it known to all these organizations that my door at the harbour office would always be open to them and that their representations, suggestions and advice would be cordially welcomed. In the two years during which I had the honour of being at the head of that great institution I never departed from that policy.

I should like to make mention here of two gentlemen with whom I had the honour to serve on the Montreal Harbour Commission. The first is Mr. John C. Newman, who succeeded me as president of that organization. Mr. Newman personifies the very finest type of public-spirited citizen. His conduct of affairs at the harbour reflected credit on himself and on the Government that appointed him. He is a man of whom Canada may well be proud, and the harbour of Montreal will be the poorer for the severance of his active connection with its operation and control. The second is a dear friend of mine, Colonel Harry Trihey, a man whose brilliant business and legal qualifications and unswerving standards of rigid justice are too well known to need any mention in this House. I suggest that men of the type of Mr. Newman and Colonel Trihey have contributed materially to the maintenance of the high traditions of the harbour of Montreal.

Furthermore, I cannot let this occasion pass without paying a hearty tribute to the splendidly loyal and devoted staff which carries out the business of running the harbour of Montreal. The men and women on this staff, most of whom have been associated with the port for a great many years—five, ten, fifteen, twenty, and some of them twenty-five years—are highly trained in the specialized business of harbour management and are at all times ready and eager to work long hours without extra compensation. They are more than employees. The work of the harbour is their work, and they take an intense and unwavering pride in the achievements of the harbour. I can say, without hesitation, that few businesses in Canada are better served, and that no small share of the triumphs of our principal harbour must be attributed to the intense loyalty and co-operation of that staff. This country cannot afford to dispense with such single-minded devotion, and no project can have my support which embodies the possibility that the future and the destiny of our greatest seaports are to be taken out of the hands of these highly trained and specialized employees and are to become a political football.

My period of office as chairman of the Montreal Harbour Commission lasted for only two years, which is a short enough time in the life of a harbour, but during those two years I was extremely busy and extremely happy in studying the problems and functions of a great harbour, and in serving Montreal and Canada to the best of my ability.

In reading over the speeches delivered in the House of Commons on this Bill I was astonished to find that most of the criticisms coming from the representatives of other provinces—and I draw no distinctions between parties—were directed against the harbour of Montreal. Let me say emphatically that I do not intend to answer those mean criticisms, for I believe that all those who have been or who now are connected with the harbour of Montreal feel that this harbour is too important, too big and, in the widest sense, too much a Canadian institution, to be jealous of other Canadian ports.

Montreal is proud of the remarkable success of the port of Vancouver. We are in sympathy with any scheme which would help to develop our two Atlantic ports of Saint John and Halifax, and all the ports on the St. Lawrence route, both in Quebec and in

the great province of Ontario. Perhaps if this same spirit had been in evidence at all Canadian harbours we should not to-day be fighting to keep the autonomy of our harbours or attempting to prevent various cities of this Dominion from being robbed—that word is a proper one, and I shall prove it—of the direction of their maritime enterprise.

What is this great institution which we know as the harbour of Montreal? What are its problems? It is not a creation of yesterday or an achievement of last year. Its beginnings can be traced back to the second voyage of Jacques Cartier. Dr. Atherton, the well-known historian of Montreal, in his recently published summary of the history of the Montreal waterfront, states that navigation on the St. Lawrence was opened in 1535 by the arrival of the first ocean vessel, under the command of Captain Jacques Cartier. Unfortunately, there were no commissioners then to present him with a cane.

As a less fanciful allusion I might mention the proclamation of the King of France in the middle of the seventeenth century, which granted Montreal to the Compagnie de la Nouvelle-France and reserved to the public for all time the shore of the St. Lawrence at Montreal.

But I will not delve too far into ancient history. The previous speaker has given a brief history of the first legislation. Let me again emphasize, as he did, that during all the 106 years since 1830, and in all this continuing legislation, the principle of commission control was never departed from, and that it was by means of harbour commissioners, local men appointed by and removable by the Government, that the harbour of Montreal was built up from a small and insignificant backwater anchorage to one of the most important seaports in the world.

The harbour of Montreal extends about sixteen miles on both the north and south shores of the St. Lawrence, up to high-water mark. Nature's kindness and man's ingenuity have combined in this great enterprise to give the citizens of this country a magnificent ocean terminal at a minimum of cost. Centred in one authority, which makes for efficiency, the harbour of Montreal to-day comprises a deep-water, tideless and safe harbour, equipped with ten miles of modern concrete wharves and piers, two-story transit sheds, and large and accessible open storage spaces. One hundred large ocean ships can be berthed at the same time, exclusive of large numbers of canal and river vessels.

The harbour has constructed and operates its own terminal railway system, now seventy miles in length, of which some fifty miles are electrified. This railway was the first of its kind on the continent and has been a model for many other progressive ports, such as San Francisco and New Orleans. Approximately 200,000 railway cars are handled on this railway system each season of navigation.

The harbour has the most efficient and modern grain handling system in the world. There are four large modern fireproof grain elevators having a combined storage capacity of 15,000,000 bushels, with connecting conveyor galleries containing seventeen miles of conveyor belting. Thirty ships can load grain over this system without moving from their berths, and twenty-three ocean vessels may be loaded with grain at the same time. This grain handling plant has a capacity of 2,000,000 bushels a day, this figure having been reached several times in the busy seasons of 1927 and 1928. In the latter year, during a navigation season of 200 days, the total grain shipments from the harbour of Montreal amounted to 211,000,000 bushels, or an average of over 1,000,000 bushels a day.

Montreal harbour has accomplished the marvel of bringing ocean vessels from the seven seas of the world into the very heart of a continent. This harbour, the second most important in North America, has been described by experts of other countries as "a marvel of modern engineering skill," as "the best example of a modern seaport organization," and, by one of the greatest newspapers in New York, as "one of the most daring and sportsmanlike pieces of commercial enterprise." An efficient and loyal organization has been built up by successive harbour commissions.

Honourable senators, let me say a word on the revenues of the harbour and submit for your consideration the results achieved under harbour commissioners selected from among the public-spirited citizens of Montreal. For a period of about thirty years, up to 1928, revenues of the harbour commission of Montreal practically doubled every six years, increasing during the whole period from less than half a million to over five and a half millions of dollars. Since 1929, owing to the world depression, the revenues have been lower, but they still run about $4,000,000 a year.

The tonnage of merchandise handled through the harbour has increased each year for the past twenty years, amounting in 1935 to more than 11,000,000 tons, after touching over 12½ million tons in 1928. Approximately 1,800 ocean-going ships, having a net registered tonnage of around 5,000,000 tons, came to the harbour in 1935. Ships representing fourteen or fifteen different countries of the world do business at this great harbour.

The Government customs and excise revenue at the port of Montreal is about 80 million dollars a year, as shown by the Government bluebook.

The debt of the harbour on the 24th of March, 1936, as given by the honourable Minister himself, was $58,593,000, all represented by debentures held by the Government, and on which, according to the 1935 figures, the interest amounts to $2,523,954. The rate of interest averages about four per cent.

The property assets of the harbour are $63,316,164, the cost being about half that in almost any other harbour.

Any Minister of the Crown who cared to help the Canadian ports in the years of crisis could, it is suggested, have written off one-third or one-half of the debt of the harbours. I will not go so far, but I will say the rate of interest could have been cut from four and a fraction per cent to three per cent. This reduction would have lowered the deficit of many harbours to practically nothing. Otherwise the Government is making money out of its loans to harbour commissions.

During the years from 1921 to 1928 Montreal was primarily a grain shipping port.

Right Hon. Mr. GRAHAM: Not a free port?

Hon. Mr. RAINVILLE: No, not a free port; a grain port. Since 1928 grain shipments have fallen off enormously, owing to world conditions. Was Montreal harbour to lose the proud distinction of being the second port of North America? It seemed so. Here was a crucial test of the system of management by local commissioners. In 1921 the tonnage of commodities handled through the harbour of Montreal, exclusive of grain, amounted to 2,791,671 tons; in 1935, fourteen years later, it amounted to 10,478,741 tons. This was an increase of 363 per cent in fourteen years; so the Montreal harbour still retains its proud position.

These figures are a tribute to the commissioners, and also serve to indicate the vital part which this harbour plays in the daily commercial life of the Dominion of Canada. The harbour has been rightly described as a barometer of Canadian trade.

The growth of a great seaport at Montreal has not been due to luck, or chance, or the vagaries of fate. It has been due to the progressive and far-seeing business citizens of Montreal and to the disinterested and wholehearted efforts of its commissioners, worthy successors of the Hon. John Young, the father of the port. One day Mr. Young stood near Victoria Bridge and in prophetic and memorable words described the vision which he saw, "of great ships coming up to Montreal, of great sheds and piers ready to receive them, and of business passing over those wharves beyond the expectation of men." His dream has come true.

I wonder what he would have said had he known that when the harbour had been raised to its present power and importance there would be a proposal to take its management from the hands of Montreal citizens and to place its destinies in the hands of men in Ottawa, to whom, no matter how capable and sincere they may be, the harbour of Montreal will be but one of seven jobs, one of seven far-removed and shadowy projects.

Honourable senators, one of the most serious problems with which the authorities of the various Canadian ports have to contend is the constant and energetic competition from the United States ports. To show the House how very serious this problem is for us, I need only state that in the years 1929, 1930 and 1931, not to mention the record years of 1927 and 1928, shipments of Canadian grain through United States ports amounted to 208.000,000 bushels.

To emphasize the significance of this Canadian grain diversion, I wish to quote an extract from the Annual Report of the Port of New York Authority for the year 1929. It reads:

> The investigation of the Port Authority revealed that this Canadian grain constituted twenty per cent of the export tonnage from the port of New York, earned a gross annual revenue of $9,000,000 for American railroads and barge canal operators serving the North Atlantic ports, and furnished from twenty to seventy-five per cent of the eastbound cargoes of steamships operating from the port of New York.

"Grain is a magnet for ships" is the slogan of the new port of Albany. Our friends to the south are constantly wide-awake to the opportunity of securing more and more Canadian business, to the detriment of Canadian ports.

Other commodities than grain are involved, however. In the five years from 1927 to 1931 the total value of Canadian merchandise exported through ports of the United States was $1,247,980,000—one and a quarter billion dollars. The additional direct revenue which our Canadian harbours would have derived from the handling of such an enormous quantity of merchandise, or even a fair share of it, would surely have added materially to the financial success of our Canadian ports.

There is a constant and continuous demand by the Government for interest on the capital expenditure at our Canadian harbours. The harbour of Montreal has a splendid record in this respect, and so has Vancouver. Other Canadian harbours have not been so

fortunate. But on behalf of all Canadian harbours I would say to the Government: put them in a position where they can handle more of our Canadian business, and interest on investments will quickly be forthcoming from nearly all of them.

Honourable senators, I have referred to direct revenues which are at present being lost to Canadian ports by the diversion through United States ports of a tremendous proportion of our Canadian trade. There must also be considered, however, the indirect revenue which would ensue to Canada from the presence of additional shipping in our waters and Canadian harbours. An illuminating estimate of the value of indirect revenue was prepared by Mr. Ernest P. Goodrich and given before the United States Senate committee on November 14, 1932, when they were discussing the deep waterway project. Mr. Goodrich is a civil engineer of recognized authority who has been connected in an engineering capacity with almost all the great ports in the United States. This gentleman said:

> Foreign-bound cargo carried in lake vessels must be transferred at some such port as Montreal or Quebec. This transfer will benefit the port or ports to the extent of the cost of such transfer together with the value of ship stores purchased, and wages spent in such ports.
>
> Based upon the estimate of operating expense published by the Department of Commerce, the average value of ship stores, fuel, etc., purchased, will be $3,115.58 per voyage, or 78 cents per commodity ton. The latter is based on an average of 4,000 tons per voyage, which is the approximate tonnage per vessel which entered Montreal harbour during the year 1930. In addition, the crew is apt to spend a large part of its wages in the port of transfer at the end of each voyage. Based upon the estimates of the Department of Commerce, 1932, this may be approximated at $3,210.48 per voyage, or 80 cents per commodity ton.
>
> The estimated total expenditures mentioned above will be made in Canadian ports if the St. Lawrence improvement is consummated, and will involve an aggregate of $15,000,000 annually on a conservative tonnage estimate.
>
> If the sum is capitalized at five per cent, it aggregates $310,000,000 which the United States is in effect giving to Canada.

He forgot to say that for the last fifty years Canada has been giving that to the United States.

The situation which I have outlined as covering the export of Canadian merchandise through United States ports, with its resultant gain to those ports and loss to our Canadian harbours of direct and indirect revenues, constitutes the gravest injustice to the citizens of the various cities where our Canadian ports are located. This competition can only be fought and combated, in my opinion, by business men actually on the job in those various cities—business men who are keen as mustard on the success of their respective ports and are constantly available to make decisions and formulate policies which will bring business to those ports under the laws and regulations approved by the Government.

We are told that there is to be a port manager at each port, though there is nothing in the Bill to this effect. This gentleman is to combine in his own person the manifold functions of the three former commissioners, of the former general manager, the assistant general manager and the comptroller. Is it possible for the harbour of Montreal to operate satisfactorily under such a system? No one with the slightest idea of the duties of the resident commissioners would believe that all those functions could ever be performed by one person, no matter how well qualified.

Hon. Mr. CANTLEY: A little lower than an angel.

Hon. Mr. RAINVILLE: The control, management and direction of the daily activities of the harbour constitute a task sufficient for one man of great ability. As my honourable friend from Alma (Hon. Mr. Ballantyne) knows, there arise from day to day in connection with the administration of the harbour many problems having to do with questions of policy. If those problems had to be attended to by one man he would have little or no time to perform the duties of management that properly belong to him. I am speaking from experience. Almost daily the commissioners have to receive representative delegations from the Board of Trade, the Chamber of Commerce, the Shipping Federation, the Corn Exchange, railways and other users of the facilities of the harbour. Many grave and serious questions are submitted for immediate solution. They must have the attention of men who are not absorbed in the details of management and who have the necessary authority to make such decisions as the circumstances may require.

Let me give but one example. During my term as Chairman of the Montreal Harbour Commission a judgment was rendered by our Superior Court denying to bills of lading any validity, force or effect after delivery of grain had been made to the harbour commissioners' elevators. As honourable senators no doubt know, virtually all the financing of grain moving through the harbour of Montreal is done in the United States. During 1929 and 1930 an agent of a grain broker doing business in Montreal altered or forged certain docu-

ments, including upper lake bills of lading, for the carriage of grain from the head of the lakes to Montreal. He was able by this means to obtain releases from carriers and get delivery from Montreal elevators of grain to which he was not entitled. I say this was done by a broker's agent and not, as was said in another place, by an employee of the harbour. As a result of his operations the Canada Atlantic Grain Export Company took action against the Red Barge Line, Limited, for delivery of grain for which it held bills of lading, but which had been delivered to this agent on forged documents. The Canada Atlantic Grain Export Company action was dismissed under judgment rendered by Mr. Justice Demers. After this judgment was delivered the New York grain exporters and banks advancing money against grain documents felt that the situation with regard to bills of lading was not satisfactory. A large delegation called on the commissioners and made the statement that unless some responsible authority in Montreal would undertake the responsibility for negotiable bills of lading on grain, no further financing of grain moving through Montreal harbour would be done by United States bankers. An immediate solution of the question was urged upon the commissioners. When the conference was over the commissioners discussed the matter and called to their assistance members of the staff who were well acquainted with the receipt and delivery of grain. Then the commissioners, after careful consideration, decided to accept the responsibility for upper lake bills of lading on grain; but in order to protect themselves they insisted that cancelled bills of lading be surrendered to them with the carrier's release, and also that they should retain cancelled bills of lading on which delivery of grain was made. They then placed insurance against loss resulting from altered or forged bills of lading. As soon as the commissioners met the next morning all interested parties were notified of the solution, which was found satisfactory to the United States financial interests, and the flow of Canadian grain continued through Montreal harbour.

This, honourable senators, is but one example of the many important and serious problems that arise almost daily. Would anyone suggest that a question of this kind should be referred for immediate decision to a board of commissioners sitting at Ottawa, necessarily not acquainted with local conditions or local law and burdened with the problems of six other harbours? I think it is necessary only to state the proposition to see that it is an impracticable one. I know of other problems, not more important than the one I have cited, with respect to which we had to wait a year and half before we could get a decision from Ottawa.

Let me now refer briefly to another problem which affects not only Montreal, but all the ports on the St. Lawrence river—the problem of maintaining adequate depth in the ship channel. This problem seems to unnerve some of our friends in other provinces, and even some members of Parliament. They seem scarcely to realize that the St. Lawrence river is not only one of the wonders of the world, but our biggest Canadian asset. This was realized more than one hundred years ago, when, in 1825, the citizens of Montreal began their memorable campaign to have the river dredged from Quebec to Montreal. In that year the Lachine canal had been completed and vessels were ready to bring traffic from the Great Lakes to Montreal. The available depth between Montreal and Quebec was then only 10½ feet. After many delays and a false start, the Government had by 1850 expended $1,000,000 and succeeded in deepening the channel to 14 feet. Disgusted by the slow progress on this important work, the harbour commissioners of Montreal took the project into their own hands, and by 1888, with their own money, they had succeeded in enlarging and deepening the ship channel to a depth of 27½ feet and a width of 300 feet.

It will be seen that the harbour of Montreal was built, not by the Government, but by the citizens with their own money. When the undertaking became successful they were reimbursed their expenditure, but not until it had proved to be a gold mine.

Too much praise cannot be given to the men who were responsible for this public-spirited action, and the names of Muffatt, John Young, Kennedy, Keefer and others will be remembered as long as ships sail the St. Lawrence.

In 1888, upon strong representations from Montreal that channel deepening by the harbour commission was imposing too heavy a burden on the shipping then trading to the harbour, as an extra tax was imposed on all tonnage using the ship channel, the Government was convinced that the ship channel was an undertaking of permanent character and national importance, and that its further deepening and enlargement was a matter vitally affecting the trade of Canada. Thereupon the work was assumed by the Department of Marine. Introducing the Bill in the House of Commons in May of that year, Sir Charles Tupper, then Minister of Finance, said:

No public body in this country have ever discharged a duty imposed upon them with greater ability or greater success than the Harbour Commissioners of Montreal.

It was then decided by the Government to deepen the ship channel to 30 feet on a width of 450 feet.

I do not believe it is generally realized that although a period of almost fifty years has elapsed since 1888, this depth of 30 feet has not yet been attained: fourteen miles above Quebec there is still about one mile of this channel where larger vessels have to await the tide for sufficient depth to get through.

In 1910 the Government of Sir Wilfrid Laurier decided to further deepen the channel to 35 feet, with a width of 500 feet. What has been the result? The country went through a period of great prosperity. Meanwhile the few million dollars necessary to complete this important work have been available time and time again. Instead of completing it we have spent hundreds of millions of dollars on railways; we have built the new Welland Canal at a cost of $128,000,000, and the Hudson Bay railway and the harbour at Churchill—and how many others?

The total amount of money spent on the St. Lawrence ship channel since its commencement has been about $50,000,000, spread over a period of 100 years, from which must be deducted about $15,000,000 for the construction of dredges and the operation of the Government shipyard at Sorel. This leaves $35,000,000 expended on the channel proper, —less than twice the amount spent on the famous Jacques Cartier bridge at Montreal in five years, and less than one-third of the cost of the Welland Canal, completed in eighteen years.

We should not forget that the existence of the St. Lawrence route to carry our products to the markets of the world is virtually all that has saved Canada from being totally dependent on United States ports.

Although the problem of improving the navigability of the St. Lawrence from Montreal to the sea is of paramount and vital importance, the improvements have been carried on as routine work and have been limited to a budget absolutely insufficient to keep the channel up to the requirements of navigation. The Board of Trade, the Shipping Federation of Canada, the Chambre de Commerce, the Corn Exchange, the Canadian Pacific Railway Company, and all business interests, year after year, were urging the Government to provide a channel which would be adequate for the growing needs of shipping.

Sir Alexander Gibb in his report dealt with this question of the St. Lawrence. He said:

I consider that there is likely to be an increase for some time yet in the average size of freight liners and that . . . 31½ feet draught is not the limit that would even now use the St. Lawrence route if greater depth were immediately available.

He stated further that considerable evidence was produced before him of the loss and inconvenience caused to shipping by the lack of additional depth on the St. Lawrence. The report continues:

There has, so far as I could ascertain, been no sustained comprehensive effort to deal with what I consider the most important water transport question in Canada. Although there is a considerable amount of data available for study, it is far from sufficient to enable effective action to be taken.

The primary service of the St. Lawrence to the Dominion is as a channel of communication. Its value in this respect is already less than it should be. It is moreover definitely decreasing in proportion to its inability to meet the increase in the size of shipping. The dredging program which has raised Montreal into the category of a first-class port I consider to have been a great conception, well carried out.

The late Government took a wise and prudent step in appointing a commission of engineers to study and report on St. Lawrence water levels. Their report should now be available, and the Government should take definite action on this vital problem.

Some doubt has been expressed as to the efficacy of further dredging, but all our leading engineers agree that the natural balance which formerly existed between the discharge of the river and the level of low water has not been seriously disturbed by dredging. There has been a drop of not more than eight inches, due to eleven feet of dredging done; meaning less than three-quarters of an inch for each foot dredged out, instead of five inches a foot, as was wrongly said in the Lower House. And this is what the preliminary report of the engineers shows.

The late Thomas C. Keefer, one of Canada's greatest engineers, spent most of his life in studying the St. Lawrence river. He said:

The dredged channel of the ship channel can be compared as to relative size with a scratch in the bottom of a bath-tub.

The width of the river is more than 7,000 feet, as compared to 450 feet, the present width of the main channel.

I am not an engineer, but it does not seem to me that the dredging to a permanent depth of 35 feet of a waterway the size of the mighty St. Lawrence, with its huge flow of water, presents insurmountable obstacles. I should like to point out that the water level at Montreal is only 16 feet above mean sea level. This means that any dredging done under 16 feet from the water

surface at Montreal is done below the mean sea level at Quebec, and such dredging cannot affect the water level of the surface at Montreal. I think I am right in claiming that even if all water from the Great Lakes and the Ottawa river flowing down into the channel were to stop—an impossible and unimaginable situation—the channel being dredged to 35 feet would still leave some 19 feet of water available under this mean sea level.

Honourable senators, the most important event in the history of Canada has been Confederation. And we in Quebec know that one of the most important factors in ensuring the successful realization of the aims and the spirit of Confederation has been, in part, the river St. Lawrence. Confederation could not have been a success without trade between the provinces, and that trade could not have been brought to its present imposing figures without the existence in this country of our magnificent waterway, the St. Lawrence, a gift bestowed upon us by Providence and developed by our fathers to the utmost of their ability. It is through the medium of the St. Lawrence that coal from Nova Scotia can be sold successfully in Quebec and Ontario, and it is due to the existence of the St. Lawrence that a large part of the export grain of our Western Provinces can move out economically to Europe and find its proper market.

Just one more word.

Hon. Mr. CANTLEY: Go on.

Hon. Mr. RAINVILLE: Before concluding these remarks about the problems of our Canadian harbours, in which the handling of wheat plays such an important part, I should like to address a word to the young people of the Western Provinces, the sons of the men who are now engaged in growing and marketing our most important product, wheat. The Montreal Standard recently published an article in which it was stated that Russia would soon again be a menace to Canadian wheat growers, and that the Soviet was preparing to swamp the markets of Europe with wheat at a price with which we could not compete. In this connection I should like to refer briefly to a most interesting statement made by Mr. Edouard Herriot, ex-Premier of France, after his last visit to Russia. Speaking before an important meeting in Paris, Mr. Herriot said:

> But in regard to agriculture in the Soviet, rather than my own experience I prefer to take the opinion of a man who has been our own Minister of Agriculture and whose technical competence nobody in this country denies. Senator Victor Boret recently went into this question in his book, "Le Paradis Infernal." Here is an interesting fact. He takes strong issue with the prevalent idea that Russia would be, like Canada, "a country of enormous undeveloped spaces, future reservoirs of fabulous crops."
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> According to this specialist the Russia of Soviets, just as the Russia of the tsars, "suffers from an extraordinary shortage of easily cultivable land." The area of cultivated land in the Soviet Union scarcely amounts to 140 million hectares—
>
> This is approximately 345 million acres, one hectare being equal to 2·47 acres.
>
> —to which should be added 60 million hectares of common pasture lands in the steppes.
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> The term used in French is "terres de parcours," and this is the best translation I could find.
>
> One hundred and forty million hectares for 127,000,000 peasants, and for a total of 161,000,000 inhabitants, is not much. Hence the recognized difficulties, under the Bolshevist regime, as under the tsarist regime, of providing adequate food supplies for the people. According to the same authority, crop yield is still very low, and, as I readily believe, the standard of life of a Russian, as regards food, is much inferior, for reasons of a technical nature, to that of a Frenchman or a German. Climatic uncertainty is very great. Furthermore, the population increases by about 3,000,000 inhabitants each year.
>
> "This being so," writes Mr. Victor Boret, "if Russian agriculture remains where it is to-day, without increasing the 'cultivable' area and without technical progress in the matter of increasing crop yield, it is easy to foresee with mathematical certainty the absolute impossibility of feeding the 100 million inhabitants who, thirty years from now, will be added to the present population."

Those words of a recognized expert on the Russian wheat situation should give cause for hope to our young Western Canadians and encourage them to continue in the vital work carried on by their grandfathers and their fathers before them—a work which has been of the most valuable character in advancing the prosperity and financial stability of Canada.

Now I am coming to the most interesting part of my speech. Before concluding I want to talk about Sir Alexander Gibb and the honourable Minister of Marine, but I wish to refer first of all to the fourfold purpose of this Bill, as described by the honourable Minister. What I have here is copied practically word for word from what he said when he introduced the Bill in the Lower House, and I think you will agree that it is correct. The objects of the Bill, as stated by the Minister, are:

1. To bring control of expenditures on these seven harbours under the authority of Parliament, and to make the accounting at these ports subject to the Comptroller of the Treasury and to audit by the Auditor-General.

2. To make the management of the ports more efficient.

3. To prevent local commissions from forcing unwise expenditures and uneconomic construction.

4. To remove a weak link in the system, which he states was found by experience to exist between the local boards and the Minister of Marine, who was supposed to control the expenditure.

The first point is in regard to accounting and control of expenditures. Speaking of the harbour of Montreal, about which I believe there is no complaint, the system of accounting is one of the best that can be devised. Control of expenditures has always been in the hands of the Government, for there has always been a monthly audit by officials of the Department of Marine, or the Department of Finance, and one of the commissioners just appointed came to the harbour board many times. I cannot recall his name.

Hon. Mr. BALLANTYNE: Roberts.

Hon. Mr. RAINVILLE: Yes, Roberts. But in addition to that there has been the commission's own audit, made by independent auditors of outstanding reputation and competence. The last two firms that audited the books of the harbour of Montreal were Riddell, Stead, Graham, Hutchison & Company, and Clarkson, McDonald, Currie & Company. Anybody who lives in Montreal and knows anything about auditors will agree that these firms are of the finest type that can be secured in the city of Montreal or in Ottawa.

As far as the harbour of Montreal is concerned—and, I believe, the harbour of Vancouver—the new plan cannot better administration results. It might only make things worse. For instance, among the further supplementary estimates, at page 5 I notice loans of $444,000 to the Three Rivers Harbour Board, $455,000 to Halifax, $580,000 again to Halifax, $515,000 to Quebec City, $44,000 to Chicoutimi, all to be applied in liquidation of bank loans. You will note, honourable senators, that there are no bank loans for the ports of Montreal, Vancouver, or Saint John. Once only, in the hard winter of 1930, when the new commission took charge, were the harbour commissioners of Montreal compelled—for reasons I do not want to discuss here—to have recourse to such a loan; and that loan, amounting to $100,000, was promptly repaid in the following month of May, when usual traffic business resumed.

With a central commission which may be tempted to melt into one big balance sheet the combined accounts of all our harbours and to distribute the profits of one to cover the deficits of others, it is easy to foresee that in a short time all the accounts will be in the red. Under the system of local commissions the success of profitable harbours was a stimulant to others to do better. But with this melting-pot nonsense of a central commission, all local initiative and pride of results having been destroyed, non-profitable and secondary organizations will be encouraged in their indifference whilst profitable ones will be completely discouraged.

That is what has happened in countries which have tried centralization, only to return, after great delays in development had been suffered and great damage done, to the localized autonomous system.

Honourable senators, was this present Bill necessary to "make the ports subject to the Comptroller of the Treasury, and to audit by the Auditor-General"? I say it was not, and I shall prove it by Sir Alexander Gibb, who in referring to the Department of Marine says at page 19, paragraph 33:

> For the auditing of accounts there seem to be numerous means nominally provided, but comparatively little actual use made of them. From the statement of a late Minister of Marine I find that the following different means of audit and financial criticism exist:—
>
> (a) Audit by harbour commissioners' own auditors, "whose report may be available to all interested parties."
>
> (b) Audit by Department of Marine, "whose officers have been obtaining information throughout the year."
>
> (c) The Audit Board can be directed by the Treasury (under legislation of 1925) to make an extensive audit of all the business of the Harbour Commission and the report of the Audit Board must be tabled as soon as the session opens. "This can be directed whenever desired, but it would involve costly staff, etc., and other expenses" (and has never been done though apparently "members can always ask for a special audit if they have some good reason").
>
> (d) Under the Consolidated Revenue and Audit Act the Auditor-General has authority to make "all investigations he thinks fit."

So the most complete machinery for comptrolling and auditing, even by the Auditor-General, existed and was at the disposition of any Minister of Marine. Yet little or no use was made of it by the Minister, and to-day the blame is thrown on the harbour commissions. Is that fair?

The honourable Minister's second purpose is "to make the management of Canadian ports more efficient." I have already pointed out that the harbour of Montreal has always been considered by great experts of other countries as being the most efficiently managed port in the world. In this connection I had intended to quote Sir Alexander Gibb, but the passage I had selected from his report

has already been read by my honourable friend who preceded me (Hon. Mr. Ballantyne). The Shipping Register of August 10, 1932, contained the following editorial statement:

The true greatness of the harbour of Montreal lies in the surpassing personnel of our harbour commissioners over the past 100 years. They have been men of vision and courage, and they have built for the future. The history of every commission during the past century tells us of this foresight, of this determination to keep Montreal in the foreground of world ports.

Let me quote what Sir Alexander Gibb said in an address before the Canadian Club of Montreal in April, 1932.

Hon. Mr. LAIRD: What is the honourable senator reading from?

Hon. Mr. RAINVILLE: A report in a newspaper, the Montreal Gazette.

"There is no navigation more remarkable in the world," are the striking words used by him to describe the ship channel between Montreal and Quebec. He goes on to say: "The success of your engineers and their predecessors in bringing the ocean to Montreal has revolutionized the position of Canada as a unit in the world markets. The St. Lawrence is in fact the vital cord of Canada.

"The running of your ports, the services that are provided for ships, the aids to navigation, the wireless directional finding stations, the lighting and buoying of the St. Lawrence ship channel and many other matters are such that you need fear no comparison with other countries of the world.

"Before I left Great Britain to come out here on this occasion, I took the trouble to make some inquiries from British shipping interests, to learn the views they had on the principal Canadian ports. I am glad to say that, without exception, and to my surpise—for I am well acquainted with those who go down to the sea in ships—I received nothing but favourable answers. If you have succeeded in satisfying the ships that come to your harbours, you have been more successful than many other countries."

Well, under what system were all those great accomplishments brought about? Under the system that has prevailed in this country for more than one hundred years, the system of local autonomous harbour commissions. And if such a system has made Canada "more successful than many other countries," as Sir Alexander admits, and has won only favourable comments from the highly critical class of navigators, as Sir Alexander said he was surprised to find it had done, why take the risk of changing it?

After reading Sir Alexander's report, Colonel W. I. Gear, of Montreal, stated:

It seems that Sir Alexander had to bear some unknown influence and only repugnantly accepted the suggestion of substituting centralization for local autonomy. For, whilst he is always clear and firm in his conclusions, when it comes to centralization he only says: "I am strongly impressed with the importance of the suggestion."

And Sir Alexander said that just after having said, in the same report:

That the development of the harbour commissions has in fact not been handicapped in the past is due rather to the breadth of vision that has characterized the individuals responsible, than the department itself.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. RAINVILLE: And he goes on:

Conditions have now changed, and I am satisfied that the continuance of strict departmental control would not allow the elasticity that is above all essential.

The last Montreal harbour commissioners, Messrs. Trihey and Raymond, stated in a report, dated February 3, 1933, to the Minister of Marine:

Sir Alexander Gibb, if he was critical of errors made by individuals, could in no way attack or depreciate the system itself, to which Canadian navigation owes its astounding qualities and its commanding place in the forefront.

In the third place, honourable senators, it is said that the Bill aims at "preventing local harbour commissions from forcing unwise expenditures and uneconomic constructions." This statement sounds well, but it means very little. As far at least as the harbour of Montreal is concerned, the development of that great port has been notably free from unwise expenditures and uneconomic constructions. The honourable the Minister of Marine seems to be lamentably unaware of the workings of what are known as party politics. If he had had more experience of these things he would realize, as everyone who has been a harbour commissioner realizes, that most of the lobbying in connection with harbours is done in Ottawa. Contractors and lobbyists who have been unable to get satisfaction from Ministers of Marine have even gone to Prime Ministers. And how often have we not seen honourable ministers going to Halifax, to Saint John, to Quebec, to Vancouver, to Montreal, yes, and to Three Rivers, and at political meetings or dinners making promises of elaborate programmes of construction and expenditure at the harbours?

The checking of unwise expenditures and uneconomic constructions, if any such constructions were advocated by the harbour commissions, would be a simple matter, and does not require the complete upsetting of the present system of port control. Should the technical officers of the Department of Marine feel that any proposed works are not

necessary, the Department can prevent construction by refusing to give its approval. In my opinion, this third reason put forward by the honourable the Minister is a mere beating about the bush in an attempt to find some excuses for this Bill. The suggestions contained in this third reason are unwarranted by the facts, and do nothing to strengthen the arguments advanced by the honourable the Minister in support of his proposed legislation.

Now I come to the most interesting point of all. The fourth and last purpose of the Bill is to "remove a weak link in the system between the local boards and the Minister of Marine." It is perfectly true that there always has been a weak link, but through whose fault? I cannot conceive how the honourable Minister can have the temerity to destroy local autonomy and "penalize" regional boards by annihilation when he himself admits that the whole guilt is on the Department of Marine. The honourable Minister, when introducing the Bill, stated in the Lower House on March 24, as reported in the Commons Hansard, at page 1525.

> Another weak link in the system as found by experience is that between the local boards and the Minister of Marine, who is supposed to control expenditure.

Hon. Mr. LACASSE: Mr. Speaker, I rise to a point of order. I submit it is against the rules of the Senate to attack a member of the other House. I recollect being called to order for a similar breach.

Right Hon. Mr. MEIGHEN: The honourable member attacked the wrong person.

Hon. Mr. RAINVILLE: I am referring to a public document. As I said at the opening of my remarks, I do not want to attack the Minister. He continued:

> The total staff at Ottawa which has had to act as contact with the harbour boards has been one officer known as the Supervisor of Harbour Boards, and his entire staff has consisted of one clerk and two stenographers. The result has been that there has been delay in approving recommendations coming from ports.

No wonder!

> The delay has not been the fault of the Minister, but is due to the difficulty he experienced in getting accurate information which would permit him to decide on questions submitted to him.

We might paraphrase his reasoning thus: because the Department of Marine never had an adequate staff to act as a strong link between the Minister and the local boards, the harbour boards must disappear! Since the honourable gentleman says it has not been the fault of the Minister if his department was not organized efficiently to supervise the business of the ports, then it was the fault of the harbour boards! If the case for centralization was sound, I am sure there would be no need to have recourse to such prowess of "logic" to support it.

This delicious piece of dialectic reminds me of the "good faith" of the wolf in the famous fable of LaFontaine. Always ready to blame anyone but himself, he turned to the lamb and said, "If it is not you it must be your brother."

The Gibb survey should have been focussed in the Department of Marine, as it was there that the lack of an adequate organization was so obvious. The department was without a chief engineer. Did the honourable gentleman know that? For five years there had been no Deputy Minister, and the department was allowed to go on the rocks—possibly to justify this proposed legislation.

Although it was not the fault of the harbour commissions, they were compelled to pay the cost of this inquiry, as if Sir Alexander Gibb had been employed by them. When a portion of the cost of that survey was billed against the Montreal harbour board, the commissioners, always keenly intent upon the proper management and control of its finances, asked the Department of Marine by what authority they had been presented with the bill, and furthermore, upon what authority they were empowered to pay it. Accordingly payment for the survey had to wait until an Order in Council had been passed enjoining the various harbour commissions to pay their share, calculated according to the importance of the ports. Without considering whether this procedure was absolutely legal, the commissioners felt much the same sensation as bank cashiers experience when held up by bandits. Our feeling was the more acute as we knew, what all honourable senators must know by now, that the real trouble was not with the harbours, but with the Department of Marine itself. I may add that an extra touch of piquancy was given to the situation by the conviction that we were being ordered to pay for our own abolition.

Honourable senators, those who have had the experience of port administration have always felt the need of a permanent "central supervising board." But, instead of replacing the local boards, it should operate as a body to advise the Minister with respect to board problems and demands, and to receive, check up and promptly deal with communications from local harbour commissioners. Such a board, or strong link, has always been an urgent need not only for the harbour commissions, but also for the Department of Marine. Now we have that central board, made up of

most competent men. As Sir George Perley rightly pointed out to the honourable Minister of Marine on the floor of the Lower House: "You have your central board now. Why this Bill?"

Such a central body, however, can never replace the locally interested boards, and in giving life to it there is no need to destroy completely a system which has produced the best of results, nor to destroy the most precious incentive to progress and enterprise: local interest of men who take pride in their town's achievements, men who put into their work brain and experience, enthusiasm and sentiment.

Civil servants and officers attached to a port, with only the salary they get from it to encourage them, will never be capable of the achievements realized up to this day by local business men.

This Bill is wrong and bad. It is just a piece of dry bureaucracy. It ignores the fundamental condition of port life and progress—the business aspect. A port is not a mere mechanism that can be satisfied by the simple routine of accountancy. It is above all a business enterprise, and has to fight constantly to maintain and increase its volume of business and to find attractions for new business. As a business enterprise, it has to be in the hands of business men, the most aggressive and experienced to be found, and it has to enjoy free initiative. The life of a port, like that of all business, is a life of fighting against keen competitors. That is why dry bureaucracy is always so deadly to such activities. We have had an experience of its effect on railways, radio and other undertakings which were held in the clutches of bureaucracy. They failed because business had ceased to be business and had become a bureaucratic routine affair, an uneconomic thing devoid of personal or local interest, leaning on public funds to pay for all political abuses or errors, and deprived of the necessary human incentive.

The experience of Canada and of the world makes these facts perfectly clear. Local autonomy is responsible for the growth, success and astounding advancement of our great harbours. Bureaucracy through centralization, which had been tried in other countries, particularly in France up to 1920, has been put aside for ever as a paralysing influence, and there has been a return to a system of local autonomy, which is freer than ever before. Great Britain, more than ever, favours local autonomy as a means of progress and success. In Italy, the land of governmental centralization par excellence, the freedom of action and autonomy of harbours have been widened, although there is, as there should be here, a central commission of great efficiency acting as a co-ordinating link between the minister and the local boards. I should like some one to point out one country where the system proposed by this Bill is in operation.

In connection with this proposed legislation, thinking people are beginning to ask themselves, "Where is this country heading?" As the years go by we in Canada seem to be witnessing an ever-increasing tendency on the part of governments to interfere with local autonomy and private initiative.

Hon. Mr. LAIRD: Six o'clock.

Hon. Mr. RAINVILLE: Already we have the Dominion Government in control of railways, banking, radio, grain trade, etc. The provinces have faithfully followed suit: they have taken over the liquor trade and the workmen's compensation insurance business, and it now looks as though they were getting ready to dip their fingers into the gasoline and the drug businesses, to say nothing of the levying of indirect taxation.

Hon. Mr. DANDURAND: Unless the honourable gentleman is closing now, we might call it 6 o'clock.

Hon. Mr. RAINVILLE: I have almost finished.

Hon. Mr. BALLANTYNE: We are going to sit to-night.

Hon. Mr. RAINVILLE: I have just a few words more.

The Hon. the SPEAKER: I regret that I must call attention to the fact that it is long after 6 o'clock. May I suggest that the honourable gentleman either adjourn the debate or continue his remarks this evening?

The Senate took recess.

The Senate resumed at 8 o'clock.

Hon. Mr. RAINVILLE: Honourable senators, when we rose at 6 o'clock I had pointed out various classes of business over which the Dominion and the provinces now have control. Even the cities are waking up to the fact that apparently the function of authority—I mean government—is to interfere as far as humanly possible in legitimate private and local enterprises. We now have the sorry spectacle of cities imposing income taxes on their citizens. The latest and present scheme is to take the harbours, the very gateways of our country's trade with the outer world, out of the hands which have so faithfully and splendidly developed them, and place them under the direct administration of a centralized bureaucracy.

Honourable senators, I say it is time to call a halt to this Russian type of influence. Do honourable senators think this expression is a little severe? I have in my hand a document called the Communist Code, which shows that the Communists have issued orders with respect to revolutionary tactics. It was printed in London, and a résumé was published in the Morning Post on the 15th of March, 1933. Thirteen orders are quoted here, but I will read only three:

1. Terrorize the bourgeoisie.
2. Disarm the bourgeoisie.
3. Nationalize the banks, factories, industries and private firms (the work of the cells).

It would be a sorry day for this country if we should wake up some morning and find that a distorted sense of importance had led the various governments in Canada to believe that they were the masters instead of the servants of the people who placed them in office. The function of a general in war-time is to lead and direct his armies, not to dig trenches and carry rifles. The function of a business executive is to lead and direct his employees, not to wield the picks and shovels and run the machinery of his factories. And so the function of Government is to give leadership, true leadership, and intelligent direction, not to take into its own grasping hands all the essential units which go to make up a great nation's life, trade and commerce, and the machinery of transportation. Leave that to the business men; they are better fitted for the job than all the politicians in the world!

There is an old English saying, "An ounce of prevention is worth a pound of cure." And in this instance I say an ounce of local pride and initiative is worth a pound of uninspired bureaucratic control; an ounce of enthusiasm of a Montrealer or a Vancouverite for his harbour is worth a pound of Ottawa interference; an ounce of the courageous, far-sighted and practically progressive achievements realized by local boards is worth a ton of the red tape, standardization and demoralizing long-distance direction which will result from the type of administration designed for our Canadian harbours by the ill-conceived and hastily-assembled Bill now before this House.

Because of my personal experience, and on account of the reasons I have stated, as well as others which I did not take time to mention, I feel that in the best interests of the harbour of Montreal, of all other harbours in Canada and of the country at large, I must vote against this Bill.

I apologize to honourable senators for having spoken so long.

Hon. Mr. RAINVILLE.

Hon. HENRY A. MULLINS: Honourable senators, I do not intend to speak at great length, but I feel called upon to make some remarks because of an omission from this Bill. I have no fault to find with the old port of Montreal. I probably had as much to do with that port as any honourable member of this Chamber.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. MULLINS: I cannot forget the early days, and the shipping and exporting activities in the old port of Montreal. As I sat here this afternoon and listened to interesting speeches in this debate I had memories of the great activity there was in that port back in the days when the Allan Line, the Beaver Line, the Thompson Line, and various other lines came in. I have no fault to find because the harbours of Montreal, Halifax, Vancouver and other places are mentioned in this Bill, but I do find fault, honourable senators, because the most important port in Canada has been excluded—the port of Churchill, in Manitoba.

Why has this port been omitted? For years the poor struggling farmer of the Western Prairies has been looking for a means of getting his commodities to the markets of the world. More than forty years ago I was at a meeting in Winnipeg when the Hon. Hugh Sutherland held up a telegram and said, "The rails are on the way from Glasgow." I was delighted to know that we were going to have better transportation from the Prairies to the markets of the world; that we were to be given somewhat reasonable rates on the shipment of our produce.

Honourable senators, I have had fifty-five years' experience as a producer on the great Western Prairies. And let me say to you that the farmers out there cannot continue to exist unless they are given better means of transportation. They will leave the land. Many years ago James J. Hill wanted to know what was wrong in Montana, the Dakotas and other parts of the Western States. Well, he went out and made a survey, which showed him why people were quitting the land, and then he came back and cut his freight rates in half. What is our position in Manitoba to-day? As a producer, as one who has been trying to make two blades of grass grow where one grew before, I have been subjected to an increase of twenty per cent in freight rates and transportation charges. I am sorry my right honourable leader in this House is not present at the moment. He is acquainted with facts that I am talking about. He remembers the old days in Manitoba, when we had an agreement for control of rates and there was a reduction of twenty per cent in all freight

charges. To-day the freight rates on all commodities are twenty per cent higher. I make that statement not subject to correction, for I know what I am talking about.

Let me take one commodity with which I am most familiar—live stock. This, by the way, is a very important branch of agriculture. I do not intend to discuss it now, but some day from the floor of this House I shall tell honourable members about the value throughout Canada of the cow, or to use the French equivalent, the old vache. The habitant owed his success to the old vache and the taureau. Then I shall tell of the wealth they have contributed to Canada since the days of Champlain. Am I not correct?

Hon. Mr. DANDURAND: Très bien!

Hon. Mr. MULLINS: Honourable senators, I am talking on behalf of the man on the land. I do not find any fault with the port of Montreal. God help you. I recall that when I was a member of the other House a loan of $15,000,000 was granted to the Harbour Commissioners of Montreal, but you would not give us a cent for the Hudson Bay port.

Hon. Mr. RAINVILLE: We paid full interest on that loan.

Hon. Mr. MULLINS: You were supposed to, but I do not know whether you ever did or not. You got $15,000,000 and you kept running to the Government for money every year that I was in the Commons. I never knew when you in Montreal were not hard up. You neglected us on the Prairies. We are still struggling there.

Yes, I remember the port of Montreal in the days of Joe Beef. I worked very hard on the water-front with an honourable gentleman who used to do my business, but who has since passed to the Great Beyond. I refer to Robert Bickerdike. The honourable leader of the House will remember him. He was a fine man. I saw the port of Montreal develop in the early days, and I should like to see it just as active to-day as it was then. What has gone wrong with you?

I think the trouble is that between Montreal and Quebec there is a point where the ship channel is not deep enough. I remember going down the river in the old Carthagenia, of the Allan Line, when she hit a boulder and shipped so much water through the hole in her side that we had to transfer our cattle and other cargo to another boat. I do not like shipping my cattle from Montreal; I prefer to do so from Quebec. We have had more wrecks on the St. Lawrence between Montreal and Quebec than we have ever had out of Hudson Bay.

What do you say about the Hudson Bay and Strait? Some newspapers have said that there is nothing up there but polar bears and icebergs. I have a number of newspaper clippings dealing with the Hudson Bay Railway and the Hudson Bay route. Allow me to cite this specimen from the Ottawa Journal of May 8, 1926:

> The Journal editorials don't care a tinker's curse what Col. Harry Mullins, or Mr. Murphy, of Neepawa, or Hon. Arthur Meighen, either, thinks about the Hudson Bay Railway. We may live too far from the Red River to be navigators, but we also live far enough from the influences which keep the Free Press from mutinying, to be captains of our own souls. Finally, Mr. Meighen has not promised to build the Hudson Bay Railway.

In another editorial of that year the Ottawa Journal said:

> Nine million people, with a debt of $2,300,000,000 plus staggering provincial debts—

It gives us a lot of stuff about debts. It wanted to stop the building of the Hudson Bay Railway. The project was blocked and checked and damned since it was first mooted, forty-five years ago. Hudson Bay and Strait are navigable. Those who say they are not are mistaken. An old friend of mine, the late Dr. Schaffner, some years ago mailed me a list of sailings out of Hudson Bay, and these extended over a period of five or six months. We have never been given a fair trial in our efforts to develop shipping out of Hudson Bay.

It has been said that the Bright Fan was scuttled. I do not know whether it was or not, but I heard the evidence of the ship's officers at the inquiry here in Ottawa. One of the men told me in my room on the other side of this building that only the third officer, a young stripling, was on the bridge, and he hunted all around the bay to find an iceberg until he hit one.

Hon. Mr. GILLIS: He was supposed to have been drunk.

Hon. Mr. MULLINS: Well, they sank the Bright Fan and tried to give the Hudson Bay route a black eye. But they did not succeed. That route is navigable. Let me say something more to the honourable member from Repentigny (Hon. Mr. Rainville). The Hudson Bay route is a good route for live stock from the Prairies of Western Canada. The rail haul is not as long as to Montreal, and the live stock do not suffer so much shrinkage as on the longer route. I know some honourable senators here will confirm what I am saying.

Hon. Mr. McMEANS: Will the honourable gentleman state how much mileage is saved by the Hudson Bay route?

Hon. Mr. BALLANTYNE: Five hundred miles.

Hon. Mr. MULLINS: We save a thousand miles. You mean by rail?

Hon. Mr. McMEANS: I mean if you ship from Saskatchewan via Hudson Bay.

Hon. Mr. MULLINS: It is 400 and some odd miles to Hudson Bay and 1,400 odd miles to Montreal. I stand to be corrected on those figures. For the information of this House I may say that the shrinkage of cattle on the long haul down from Western Canada to Montreal represents a considerable financial loss.

In the three great Prairie Provinces we have a vast area of 758,000 square miles, a big portion practically idle, very little of it in each province under cultivation. Much of it is fertile and capable of development. I have heard the question frequently, "What is the matter with you in the West?" I reply, "It is transportation, and nothing else." True, Providence has been against us for three years. I admit, honourable members, that last year, when we had a great crop in prospect, black rust hit us; but this year we have wonderful prospects. I get letters from all over the West saying, "We shall likely take out two crops in one."

I regret that some honourable members make statements about the Hudson Bay route in an attempt to discourage our friends in the East from helping us to develop Western Canada. I say unless you make a man successful on the land it is impossible to keep him there. I repeat, the transportation charges he has to pay to get his commodities to the markets of the world are too excessive.

May I remind honourable members that on June 4, 1920, a special committee of this House made a report upon the navigability and fishery resources of Hudson Bay and Strait. I am not very strong on quotations. I cannot express myself as smoothly as some of you trained public speakers, but unless I can get up from my seat and talk ex tempore I will not get up at all; I will keep my seat. However, when it comes to a quotation I am perfectly justified in reading it. According to Bourinot's Parliamentary Procedure and Beauchesne's Parliamentary Rules and Forms, I understand a member is permitted to refer to notes, but not to read his speech. I will not break the rules of procedure. But, as I have said, this is a quotation, and it reads:

> The Senate,
> Committee Room No. 534,
> Friday, June 4, 1920.
>
> The Special Committee of the Senate appointed to take evidence and report at this session upon the navigability and fishery resources of Hudson Bay and Strait, and of the character of the ports of said Hudson Bay and Strait, and of the character of the ports of said Hudson Bay with regard to their fitness as railway terminals, beg leave to make their Second Report, as follows:—
>
> We have held some fifteen meetings and called and examined twenty-one witnesses drawn from all parts of the country. The Committee had in view acquiring information on the following points:—
>
> (1) The length of the season during which the bay and strait were reasonably navigable, having in view the presence of ice, the occurrence and persistence of snowstorms, the advantages to be gained by aids to navigation such as wireless telegraphy, lighthouses, fog signals, and hydroplanes.
>
> (2) The style and size of vessels to be used for the carrying trade.
>
> (3) The relative merits of the two ports, Nelson and Churchill, and the relative cost of the development of each port.

I will just digress for a minute and give the Hon. Charles Dunning full credit for transferring the terminal of the Hudson Bay Railway from Nelson to Churchill. He was right. Hudson Bay factors, friends of mine, have told me that Mr. Dunning used good judgment in selecting Churchill. I honestly believe he did right when he abandoned Nelson in favour of Churchill. Undoubtedly Churchill is the better harbour.

This is a report made by a special committee of the Senate in 1920; so it must be all right. The report continues:

> (4) The fishing resources of the bay and strait and of the rivers emptying into the bay.
>
> (5) The mineral resources of the country tributary to the bay.
>
> (6) The utilization of the country for the production of meat and furs to be obtained from the reindeer and musk ox, which would subsist upon the extremely nutritious grasses grown there.
>
> A large number of witnesses were called with respect to the length of the season during which the bay and strait can be safely navigated. There was some variation among the several witnesses regarding the length of the season of navigation, but all agreed that the minimum would under ordinary circumstances be at least four months, while the maximum would not likely exceed five months—

—and it has been open for nearly as much as six months.

> Voyages have been made through the strait as early as the fifth day of June and as late as the first part of November with the ordinary type of vessel without meeting any difficulty, but these were admittedly rather exceptional cases. All were agreed, however, that modern navigating appliances such as lighthouses, wireless stations, hydroplanes and fog signals would greatly facilitate navigation in these waters, and in a large measure overcome the natural difficulties from ice and snow. In order that the route would be able to compete with the more southerly channels of communication between this country and Europe, it would be necessary to have a type of freighter capable of carrying from 5,000 to 10,000 tons of dead weight, and in the opinion of this Committee, from the evidence adduced before us, there

would be no difficulty in handling so large a vessel on the route,—provided it was properly strengthened and protected in the forward part. Of course, heretofore only vessels of smaller size have been used, because ships of larger capacity have not been required.

You can take any vessel right up to the wharf in deep water.

The consensus of opinion is that Hudson Bay remains open all the year through and that the ice does not extend beyond thirty or forty miles from the shore. The strait is also open for the greater part of the year, and would probably be open all the time except for the ice which comes down late in the autumn from Fox Channel and obstructs navigation in the strait. It was generally conceded by the eight witnesses who gave evidence on this point that the aids to navigation which might be installed along the strait would greatly facilitate the passage and considerably extend the season of navigability.

While no one was able to speak with certainty as to whether the cod-fish were plentiful in the bay or not, there is no doubt as to the strait.

Friends of mine who have fished there say the strait is filled with cod-fish.

All the rivers flowing into the bay teem with fish, and walrus and seal are also found in large numbers in the strait. No doubt as soon as the Hudson Bay route is established a very large and lucrative fishing industry will be established there. Recent discoveries have shown that the country surrounding Hudson Bay is strongly and richly mineralized, particularly in gold and copper.

Your Committee make the following findings upon the evidence adduced before them:—

This is the finding of the committee. I hope I am not tiring you, honourable members, by reading it. After I have finished with this I shall not give you any more quotations. But this is what the committee of the Senate said in 1920:

(1) That the Hudson Bay route is feasible and will probably in time be profitable.

(2) That the season of navigation under present conditions is at least four months in length and may by reason of improvements in aids to navigation be considerably increased.

(3) That in the opinion of this Committee sufficient care was not taken in the selection of Nelson as the terminus of the railway, and that the Government should not make further important expenditures upon this port without first making a new and thorough examination into the relative merits of Churchill and Nelson as a terminus for the railroad.

(4) That the waters of the strait and rivers tributary to the bay teem with fish and valuable marine animals, and we believe that the bay is equally well stocked, but there has not yet been sufficient data collected as to the extent of the fisheries of the bay to enable an authoritative statement to be made as to their value.

(5) That the mines already discovered in the Hudson Bay district are of sufficient number and richness to indicate the existence of great potential mineral wealth.

(6) Your Committee feel that they cannot too strongly endorse the valuable suggestion of Mr. Stefansson as to the cultivation of the reindeer and musk ox, and would urge upon the Government that the Department of the Interior be empowered to take hold of this matter, earnestly taking advantage of what has been done in this regard by the United States Government.

(7) Your Committee, although it is somewhat outside the scope of their mandate, cannot close this report without making some reference to the national value of the explorations of Vihljalmur Stefansson. He has completely revolutionized our ideas of the region within the Polar Circle. He has demonstrated that it is possible for white men to live and thrive in that northern region though drawing from no other resources than those afforded by the country itself, and he has proven that those lands which were looked upon as barren and utterly worthless will eventually be a valuable asset to Canada. The Committee ventures the hope that the Canadian Government will not be unmindful of the great services performed by Mr. Stefansson, whose reward so far has not been commensurate with the national importance of the work he has accomplished.

(8) Your Committee expresses its thanks to the gentlemen who have voluntarily come forward and given valuable evidence upon the important matters under consideration.

(9) Your Committee submit herewith an extract in narrative form of the evidence given before the Committee, and beg to recommend that 1,000 copies of this report and the extract of the evidence be printed in pamphlet form for general distribution.

All which is respectfully submitted.

Geo. W. Fowler,
Chairman.

That is what the Senate committee said about the Hudson Bay route, but there is not a word about it in this Bill.

Canada is a wonderful country, bounded by three oceans. On the east we have the Atlantic. All the people do not live down there; there are some of us in the West. On the north we have the Arctic, and to the far west the Pacific. What a wonderful heritage we have if we treat it right. Yes, Canada is a wonderful country. But all we heard in the West was, "Grow wheat! Grow wheat!" One could not get in a word about live stock, or talk in a practical way about mixed farming and the value of putting something back into the land instead of stealing everything out of it. But, thank God, we are coming back and are going to get on our feet, and I want to live to see the day when the Prairie Provinces will be what they should be, and once again will be contributing their millions to the East.

Let me give you some figures. When I came over here from the House of Commons my files were all mixed up, but I have found a few scattered notes which will let you know what we contributed at one time. From

1907 to 1911 the Eastern lines contributed to the railway $43,500,000, and the Western lines $91,500,000; from 1912 to 1916 Eastern Canada contributed to the railways $60,000,000, and we in the West contributed $152,500,000. That is what the railways got in those days. From 1916 to 1920 the East contributed $70,500,000, and Western lines contributed to the coffers of the railways—to pay big salaries and keep the railways going while we were struggling—the sum of $144,500,000.

We have given to you of our labours, honourable senators, and I say to you it is only fair that you should give us some consideration in the way of developing a port. I am sorry my friend the Minister of Railways, whom I know very well, left us out when he mentioned all these ports.

I do not want the honourable member from Repentigny (Hon. Mr. Rainville) to think I am saying one word against Montreal, that old port I shipped through in the pioneer days. I am standing up for the port we fought for, the port we have faith in and want to see developed. It has been blocked by statements of newspapers and demagogues all over the country—statements that are absolutely untrue and absolutely unfair. I do not want to hear anything said against it, because it is the only means of redress we have.

Unless we get our products off the land and get them to the markets of Europe, unless we get a reduction of freight rates of twenty per cent, I do not know what will happen. I know you will say, "Look at the debt of the railways," but I will tell you, honourable members, that in my early days there were three men running the railways in the West—Sir William White, Robert Kerr and George Shaw —who, all together, did not receive the salary paid to one man on the railways to-day. It is not the labour that is costing so much; it is not the poor fellow working who is increasing the cost of transportation. In the early days we got a trainload rate on fourteen cars from Winnipeg to Montreal of 60½ cents a hundred on live stock. What is the rate to-day? It is 85 cents a hundred. Railway men have told me they get very little revenue from the live stock traffic, because they have to pull the empties back. To-day they are pulling seventy cars out of Winnipeg with a crew of five men. When they drew only fourteen cars they had a crew of the same size. It is true that the trainmen are paid a little more money than they used to be, but I think you would agree that they earn their money if you had seen them get out to repair a hot box when the temperature was forty below zero, as I have seen them do. I know what that means, and my sympathy goes out to those trainmen.

I say to the railway men who sit in the seats of the mighty, "You had better figure out what is the matter with the farmer on the Prairies." He is willing to work, and although he has his back up against the wall, he still has the old pioneer spirit and will stick to the job. Only last summer I saw an old man, 84 years of age, working with a four-horse team just west of Winnipeg, summer-fallowing land in preparation for this year's crop. The people of the West have wonderful faith. They have seen what the West can do. All the land is rich, with the exception of those parts that have been robbed of their fertility by high pressure machinery. In that part of the country there are vast territories which, if you but treat them right, will contribute to your wealth in the East. Give those of us in the West a chance to come back and we shall make business for your manfacturing and other industries. The Westerner is a pretty free spender, and he will buy your goods if he has the money.

There is no East, no West; just Canada. We will get rid of the demagogues who talk about drawing a line at Port Arthur and separating the East from the West. This is a united country. I am a Canadian. I came to this country, at the time of Confederation, from an island of which I am not ashamed. It is a very small island in the North Sea, called the Isle of Man. I have lived under the old British flag ever since, and I have no use for those "isms" that have sprung up in the West. The people have been poisoned politically with various "isms" and doctrines that have no meaning whatever. I would rather have a good Liberal, or any other man with whom you can do business in an ordinary way, than many of those fellows who come along with new panaceas. It would be very easy to win a seat on some of the doctrines that are being preached to-day. I imagine that I should not have had much trouble in carrying the constituency of Marquette if I had advocated policies that some people are advocating.

In conclusion I want to assure honourable members that the West is sound. Give it a fair chance, and it will make a good recovery.

> Wider still and wider shall thy bounds be set.
> God, who made thee mighty, make thee mightier yet!

Hon. THOMAS CANTLEY: Honourable senators, I listened with interest to the fairly lengthy speech made by the leader of the Government this afternoon when he introduced

the Bill, and to the more lengthy presentation of the case by the honourable senator who followed him (Hon. Mr. Rainville).

Reference was made by the honourable leader to the harbour of Halifax. May I point out that the work of developing that port was done under two administrations, Peter Jack being Chairman under the Liberal regime and Mr. Hetherington under the Government led by the Right. Hon. R. B. Bennett. The work carried on by both these commissions was fairly extensive and has been of great value to the port. In both cases I think it was carried out economically and satisfactorily, and there was no justification for any honest criticism nor a breath of suspicion as to the operation of Halifax harbour under either of these administrations.

I had the good fortune, or at least the experience, of being a member of the harbour commission of the second most important harbour of Nova Scotia, and that under two administrations. The ablest port engineer that this country has ever seen was the late Sir John Kennedy.

Right Hon. Mr. GRAHAM: Hear, hear.

Hon. Mr. CANTLEY: Of that there is no doubt. Sir John Kennedy practically made the port of Montreal possible as a rendezvous of large modern ocean steamers. Whom, may I ask, has the Minister on his staff to-day that in any respect can measure up to the capacity of that great engineer? I should like to ask the honourable leader if he can answer that question.

Hon. Mr. DANDURAND: Sir John Kennedy was held in the greatest esteem.

Hon. Mr. CANTLEY: He was in a class by himself. So far as I know there is no man in Canada to-day fit to fill his shoes.

Hon. Mr. DANDURAND: I should not like to make any comparison. He was held in very great esteem and admiration by everyone who came into contact with him and knew of his work.

Hon. Mr. CANTLEY: Also I would ask whom the Minister has now on his engineering staff in Ottawa with the capacity to carry on the work that is still to be done if our great national ports are to fulfil the purpose intended for them by nature, and expected of them by the people of Canada.

The proposal set out in the present Bill is to my mind another instance of certain types of men rushing in where angels would fear to tread. Why make this change? Why lay unholy hands on what has been a successful port policy? Why create a bureaucracy which no minister can control, be he ever so capable and ever so honest? To pass this Bill, I am convinced, would be to take a retrograde step suggested by persons who have had no experience in harbour board necessities or operations, and which in my judgment would lead to an expensive experiment and disastrous failure.

Hon. Mr. MURDOCK: Honourable senators, the honourable gentleman from New Glasgow (Hon. Mr. Cantley) has asked two or three questions beginning with the word "Why." May I commend to him an answer that was given by a very prominent person and is to be found in Hansard of another place, commencing at page 1537?

Hon. L. COTE: Honourable senators, I do not intend to make any extended remarks on the principle of the Bill, because I understand the measure will be referred to a committee for study. There are certain features in the Bill of which I do not approve. For instance, I am not at all convinced that the port of Montreal would be better administered in future by three commissioners living in Ottawa, who would have eight other ports to look after, than it has been in the past by three commissioners living in the city of Montreal. Still, I am not unwilling to vote to have the Bill referred to a committee. But I wish to have it clearly understood that in so voting I shall not bind myself as a supporter of the principle of the measure, nor shall I be precluded from voting against the measure if, when sent back from the committee, it has not been acceptably amended.

There is one other thing I want to say, and it arises out of the remarks made by the honourable senator from Marquette (Hon. Mr. Mullins), who wants the port of Churchill included within the provisions of the Bill. He might make a saw-off with the honourable senator from Repentigny (Hon. Mr. Rainville) whereby the words "harbour of Montreal" would be stricken out of the Bill and replaced by the words "harbour of Churchill."

Hon. RAOUL DANDURAND: Honourable senators, I have listened with much interest to the remarks of my honourable friend from Alma (Hon. Mr. Ballantyne) and those of my honourable friend from Repentigny (Hon. Mr. Rainville). They told a very interesting story of the development and administration of the port of Montreal. I am quite sure that we are all proud of the way in which the harbour of Montreal has developed. But, as my honourable friend from Repentigny has recognized, there was a weak link in the system of ad-

ministering the port, inasmuch as, according to law, the administration came under the direct authority of the Minister of Marine. In very many instances when an appeal had to be made to the Minister a prompt reply was not forthcoming and there was dilatoriness or apparent indifference at Ottawa. I think that very fact justifies the measure before us. Why was there that difficulty in administration between the source of finance, which was in Ottawa, and the administration, which was in Montreal? I believe it was due to the fact that the sense of authority here was not paralleled by a sense of responsibility. The Minister of Marine, realizing that the ports were being administered by commissions, felt that the responsibility for administration had been placed on shoulders other than his; and he had not even a staff to attend to the requirements and demands of the ports. I think that there was the weak spot. Henceforth that authority which has hitherto been delegated to the various ports will remain with the Dominion Government, which will furnish the funds and exercise responsibility through the Minister of Marine.

Why is it that we are to-day discussing this measure, which the late Prime Minister indicates he himself would have sponsored three or four years ago? The Right Hon. Mr. Bennett declared in express terms that he was glad the present Government was bringing in a Bill which he had attempted to have introduced in the last three or four years when he was in office, and that this Bill provided for what he himself had in mind. I am not sure that he approved of all the terms of the measure, but he heartily supported its principle.

Hon. Mr. RAINVILLE: I admit that.

Hon. Mr. DANDURAND: Yes. My honourable friend from Repentigny has criticized the reasons given by the present Minister of Marine for the presentation of this Bill, but he might have criticized in even stronger terms the reasons advanced by the Right Hon. Mr. Bennett. I will read only the opening words of his address in the other House, though in this I may be violating the rule governing the relations between the two Houses.

Right Hon. Mr. GRAHAM: Hear, hear.

Hon. Mr. DANDURAND: Perhaps I had better not quote the right honourable gentleman's remarks. It is sufficient to say that the policy of the present Administration is a complete endorsation of the Right Hon. Mr. Bennett's. He appointed Sir Alexander Gibb to inspect our national harbours and report thereon. Sir Alexander recommended centralization, and this Bill might well have been presented by the late Administration. In fact the right honourable gentleman has stated that he wanted to act on the report.

I know very well the commendable work done by the various harbour commissions that for a number of years have directed the affairs of the port of Montreal. In this connection I commend the record of my honourable friend from Alma (Hon. Mr. Ballantyne) and my honourable friend from Repentigny (Hon. Mr. Rainville). But we are facing a situation which calls for large expenditures on dredging and harbour developments. Since the money must come from the federal treasury, I believe the ports should be placed under the direct control of the federal authority.

It would be interesting to read what has been said about the inefficient administration and extravagant expenditures of some harbour boards. Even in Montreal there have been large expenditures. If I am not mistaken, my honourable friend from Repentigny mentioned that $5,000,000 was spent on electrifying the railway system of the port. Also a large cold storage plant was erected at a cost of $2,000,000. I understand it is about to be closed.

Hon. Mr. RAINVILLE: It was constructed after the War, in the expectation that the heavy shipments of meat to Europe would continue.

Hon. Mr. DANDURAND: I know the conditions in the port of Montreal and in other ports which drove the late Prime Minister to the conclusion that there should be centralization. We are in effect presenting this Bill with the approval of the late Administration.

If the Minister of Marine feels it is necessary to appoint advisory committees in the large ports, perhaps he will do so. There is nothing in the Bill to prevent him.

I have asked myself if there should not be some advisory committee for the port of Montreal, composed of representatives of the Board of Trade, the Chamber of Commerce, the Shipping Federation and the Corn Exchange, and perhaps the railways, who have large interests in the port. Whether this is feasible the future will show.

The purpose of this Bill is to centralize control where the responsibility lies, with the authority that disburses the funds. If I were to tell honourable members how many millions of dollars have been expended on our national ports, with very little return of interest, I think they would understand why

these ports should be directly under the control of the Federal Government.

Hon. Mr. McMEANS: Can the honourable gentleman explain why Churchill is not brought within the scope of this Bill?

Hon. Mr. DANDURAND: I believe it is because Churchill is under the direct control of the Minister of Marine and the Minister of Railways.

Reports have been disseminated by part of the press of my province that although the administration of these seven ports is being centralized in Ottawa, the Government would not dare touch the port of the holy city of Toronto. The answer is obvious: that port is under the direct authority of the city of Toronto.

Hon. Mr. BALLANTYNE: May I ask the honourable leader of the House if it is his intention later to refer this Bill to the Committee on Railways, Telegraphs and Harbours in order to give the shipping and railway interests an opportunity to express their views?

Hon. Mr. DANDURAND: Yes, that is my intention.

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

APPROPRIATION BILL NO. 4

FIRST READING

A message was received from the House of Commons with Bill 69, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.

The Bill was read the first time.

SECOND READING

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

He said: Honourable senators, this, I believe, is the fourth time the Government has found it necessary to ask Parliament for another instalment of the supply needed for carrying on the public services.

The total in Schedule A is $371,958.33, being one-twelfth of each item.

Schedule B shows a total of $75,866.66, being one-sixth of each item.

Schedule C totals $265,605.75, being one-fourth of each item.

Schedule D totals $4,233.33, being one-third of each item.

Schedule E totals $9,200, being one-half of each item.

I may say that before the dinner adjournment I mentioned to my right honourable friend opposite (Right Hon. Mr. Meighen) that I expected this Bill would reach us tonight from the Commons.

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

THIRD READING

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

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

APPROPRIATION BILL No. 5

FIRST READING

A message was received from the House of Commons with Bill No. 70, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.

The Bill was read the first time.

SECOND READING

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

He said: Honourable members, this Bill asks for the sum of $10,930,095.28 and an additional interim vote of $33,333.33. It is based on the special supplementary estimates of 1936-37, the amount being one-sixth of the said estimates as contained in the schedule. By leave of the House I move the second reading of the Bill.

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

THIRD READING

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

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

CANADIAN COLONIZATION PLAN

DISCUSSION POSTPONED

On the Order:

Resuming the adjourned debate on the motion of Hon. Mr. Sauvé, that it be resolved:

That while recognizing the necessity of utilizing our immense territory according to a rational plan of exploitation and colonization, this House is of opinion that:—

(a) immigration into Canada must be conducted along lines of the greatest prudence, so as to protect our traditions, strengthen our institutions, and also so as not to complicate our national problems nor aggravate those affecting agriculture and unemployment;

(b) that the repatriation of emigrated Canadians should be efficiently encouraged before any other immigration;

(c) the emigration of naturalized Canadians should be controlled in such a way as to reduce it to its lowest possible form, if not to prohibit it altogether.—Hon. Mr. Dandurand.

Hon. Mr. DANDURAND: Honourable members will recall that I moved the adjournment of this debate yesterday for the purpose of allowing members of the Senate who so desired to speak on this subject. If nobody wishes to take my place, I will move that this Order be discharged and be placed on the Orders of the Day for Wednesday of next week.

The motion was agreed to.

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

THE SENATE

Tuesday, June 2, 1936.

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

Prayers and routine proceedings.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Sir Lyman P. Duff, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at nine p.m. for the purpose of giving the Royal Assent to certain Bills.

CUSTOMS BILL (CANADIAN WATERS)

FIRST READING

A message was received from the House of Commons with Bill 67, an Act to amend the Customs Act (Canadian waters).

The Bill was read the first time.

Hon. Mr. DANDURAND: With the leave of the House I move that this Bill be put down to be read a second time to-morrow. If there is any suggestion then that we should postpone the order, we may do so. Two days' notice of second reading is necessary unless leave is given for shorter notice.

The motion was agreed to.

WATER CARRIAGE OF GOODS BILL

FIRST READING

A message was received from the House of Commons with Bill 68, an Act respecting the Carriage of Goods by Water.

The Bill was read the first time.

Hon. Mr. DANDURAND: With the leave of the House I move that this Bill too be put down to be read a second time to-morrow.

The motion was agreed to.

CUSTOMS TARIFF BILL

FIRST READING

A message was received from the House of Commons with Bill 71, an Act to amend the Customs Tariff.

The Bill was read the first time.

Hon. Mr. DANDURAND: I suppose there is no objection to placing the second reading of this Bill on the Order Paper for to-morrow?

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. DANDURAND: Then, with leave, I move that the second reading of the Bill be placed on the Order Paper for the next sitting of the House.

The motion was agreed to.

PROGRAMME OF LEGISLATION

Before the Orders of the Day:

Right Hon. ARTHUR MEIGHEN: Honourable members, in the hope that the honourable leader of the Government (Hon. Mr. Dandurand) will carry the message to his colleagues with the impress of his own authority, I want to call his attention to the fact that time is far outstripping the progress of the Administration in putting through the other House its programme of legislation. We have had a number of measures; very few, though, in the programme as outlined in the Speech from the Throne, and very few having relation to direct commitments made a year ago by members of this Administration. In view of the number wholly outside the range of previous commitments, I am apprehensive there may be still more of that character. I am not objecting, but I am emphasizing that if there are, we in this assembly are going to be very crowded. There are some measures which were referred to in the Speech from the Throne and of which we have heard nothing at all since. One I have in mind is very important indeed—unless, as I hope, it has been abandoned.

We in this House are very desirous, and I know the honourable leader of the Government is, that we give assiduous, careful and worth-while attention to all measures which come before us, and we are anxious to avoid the condition of haste and carelessness that too often is forced upon us as the session approaches its close.

I hope this opportunity will not be missed of calling to the attention of the Administration the need of getting measures here. There is one which it seems to me has been before the other House for an inordinate length of time; a measure of real consequence. I think it is better to speak now than to be complaining when it is too late.

Hon. RAOUL DANDURAND: I thought that my right honourable friend would not be so timid as to stop at naming the bills that interest him, but would perhaps mention them. I know of two or three bills of considerable importance which are now before the House of Commons. One of them, a Bill to amend the Bank of Canada Act, was, I think, adopted yesterday. It may reach us shortly. We should make an effort to dispose of the legislation which has now reached us, so as to clear the decks for action when other bills arrive. We may be obliged henceforth to sit more days in the week than we have been doing when legislation was not forthcoming. It may now be crowding upon us.

I have heard it stated in some quarters that we may expect prorogation at an early date. I do not see how we can possibly leave Ottawa before the middle of July if all the legislation on the Order Paper of the Commons is proceeded with. Of course, should it be sent over to us very late, it will be for us to decide whether we will give the proper time to it by delaying prorogation. The same question always arises towards the end of each session.

I have for some weeks been mentioning to my colleagues the necessity of providing the Senate with legislation, because of the fact that we were marking time. We have a couple of bills before the Banking Committee and the Railway Committee. I hope we shall be able to make some progress with those this week, and dispose of the bills which are down to be read a second time to-morrow, in order that if by the end of this week or early next week the Commons are pleased to send us important legislation we may be able to give it ample attention.

Right Hon. Mr. MEIGHEN: We can by the end of this week or early next week deal with all the legislation received from the Commons to-day. I have gone through the measures and there is no cause for much delay in any of them.

Rather than be accused of timidity, I will go so far as to say that the measure which I referred to as being inordinately delayed in reaching us is the Bill to amend the Canadian National-Canadian Pacific Railways Act. A further measure which I had specifically in mind, and from the long delay of which I drew the inference and hope of abandonment, was the contemplated repeal of section 98 of the Criminal Code.

Hon. Mr. DANDURAND: The last mentioned piece of legislation, if it comes to us, should be fairly well known to this Chamber.

PRIVATE BILL

THIRD READING

Bill Y, an Act to incorporate Atlantic Loan and Finance Corporation.—Hon. Mr. Duff.

PRIVATE BILL—DOMESTIC FINANCE CORPORATION

THIRD READING

Hon. Mr. MARCOTTE moved the third reading of Bill B, an Act to incorporate Domestic Finance Corporation.

Hon. Mr. DANDURAND: Honourable senators, this Bill is on all fours with Bill E, which is down to be read a third time to-morrow, but I desire to draw the attention of the Senate to the fact that they are not in absolutely the same form as Bill Y, which we have just passed, providing for the payment by the borrower of a flat rate of interest. I do not intend to dilate upon the difference between these bills, but would say that the present Bill and the one to come before us to-morrow are similar to Acts already on the Statute Book with respect to the operation of small loan companies. The charges to be imposed by these companies are not as clearly defined as those under Bill Y, which we have just passed. Because of a desire on the part of the Department of Finance and the Department of Insurance to make clear the real charges a borrower would have to pay, the Banking and Commerce Committee have been working on a model Bill with respect to such companies. We are now approaching the end of the session and, as the model Bill has not yet come out of the committee, we are passing these Bills B and E in order that the promoters may have legislative sanction for their operations. I desire simply to say that these companies will come under the general Act when passed, whether it be this session or next session.

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

BRITISH NORTH AMERICA ACT—AUTHORITY TO AMEND

DISCUSSION CONTINUED

The Senate resumed from Thursday, May 7, the adjourned debate on the question proposed by Hon. Mr. Lynch-Staunton:

That he will draw the attention of the Senate to, and inquire of the Government, whether it is the intention of the Government to take steps to have legislation passed by the Imperial Parliament to the end that the Parliament of Canada shall have the authority to from time to time amend the British North America Act as it may deem proper.

Hon. CHARLES BOURGEOIS: Honourable members of the Senate, because of the importance and complexity of the matters involved in this motion, and owing to my slight knowledge of the English language, I had intended to express myself in the language which is more familiar to me—

An Hon. SENATOR: You do well in English.

Hon. Mr. GILLIS: Go on.

Hon. Mr. BOURGEOIS: —but after thinking the matter over I have deemed it more expedient to make use of the language spoken by the majority of the members of this House, and in doing so I crave the indulgence of my honourable colleagues.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BOURGEOIS: When, some weeks ago, I first saw this motion on the Orders of the Day, I wondered what justification there could be for asking this House to express an opinion on such an important matter at the present time. In view of the fact that we were awaiting the judgment of the Supreme Court with respect to the social legislation passed during the last Parliament, and also the report of the special committee appointed to consider this subject by the Interprovincial Conference held in Ottawa last December, it seemed to me wiser to let the Government take the initiative and assume the entire responsibility for any legislation it might introduce. But this House, owing to the method of its composition, is, presumably, less likely to be influenced by the fickle masses or the exigencies of politics than any other assembly, and is therefore in a better position to study and discuss this whole question on its merits. While none of us have overlooked the importance of the speeches delivered in this House on the motion for an Address to the Imperial Parliament asking an amendment to our Constitution, I think I may say without fear of contradiction that the subject of that debate concerns only one phase of the subject dealt with in the question before us.

The query put to the House by our honourable colleague from Hamilton (Hon. Mr. Lynch-Staunton), regarding the position of the Federal Government with respect to the proceedings to be taken to have the Imperial Parliament pass a law to enable our Parliament to amend the British North America Act from time to time as it sees fit, raises a question of constitutional law; and, while I do not claim to be able to answer this question to the satisfaction of everyone, yet as the representative of a senatorial division of the province of Quebec I feel it my duty to make a few remarks on the subject. This I shall do in all sincerity, dealing with the matter as objectively as possible, always avoiding recriminations, which would be of no help in making things clearer.

First of all, I notice that the query by the honourable senator from Hamilton is somewhat different in its wording from the resolution passed by the Commons in 1935, appointing a special committee to inquire into and report upon the best method of modifying the British North America Act. That resolution was worded as follows:

That in the opinion of this House a special committee should be set up to study and report on the best method by which the British North America Act may be amended so that while safeguarding the existing rights of racial and religious minorities and legitimate provincial claims to autonomy, the Dominion Government may be given adequate power to deal effectively with urgent economic problems which are essentially national in scope.

Upon the recommendation of the Commons committee telegrams were dispatched to the nine provincial attorneys-general, requesting them to forward their written observations on the subject. The province of Ontario peremptorily refused to answer. New Brunswick abstained from answering. Prince Edward Island explained that the Federal Government should draw up a policy and submit it to the provinces for consideration at a conference with the provinces. Nova Scotia suggested a preliminary conference between the same parties to enable each to take cognizance of the others' views and to discuss the matter thoroughly. Manitoba, Alberta, Saskatchewan, British Columbia and Quebec were all of the opinion that a conference should be assembled, where the question could be considered from all angles.

On the 19th of June, 1935, the special committee of the Commons reported, among other things:

The committee recognizes that there is a divergence of opinion with respect to the question of whether or not the British North America Act is a statutory recognition of a compact among the four original provinces of

the Dominion and as to the necessity or otherwise of provincial concurrence in amendments. Without expressing any opinion upon that question, the committee feels that in the present case and at the present time it is advisable in the interest of harmony and unity that there should be consultation with the provinces with respect to the adoption of a definite mode of amendment or the enactment of amending legislation which might seriously alter the legislative jurisdiction of the provinces and the Dominion.

Then came the federal elections of the 14th of October, 1935, and in December the conference between the Dominion and the provinces. This conference lasted four whole days and was the scene of discussions on a number of questions, including tourist traffic, transportation, mining, agriculture and market organization, unemployment and relief, finances and, lastly, constitutional matters. The conclusions upon this last-mentioned item are surprisingly short: they are all contained on a single page of the printed report, from which it appears the conference adopted the principle that Canada, like all the other Dominions, should have power to amend its own Constitution, provided that a method of procedure therefor satisfactory to the Dominion Parliament and the provincial legislatures be devised. The Minister of Justice was authorized to convene at an early date a meeting of appropriate officials of the Dominion and of the provinces to prepare a draft of such method of procedure, to be submitted to a subsequent conference. It was also decided that a conference should be held at an early date after such draft had been prepared, to consider such method of procedure.

It is desirable that this consultation take place at a conference that is serious and really national, representing all shades of opinion, including that of all parties and authorities likely to be able to help in the solution of the problems. It would be a pity if such a conference were a mere formality, under the cloak of which a little group might proceed safely and legally to bring about amendments they are determined to have made at all costs, and irrespective of consequences. Let us proceed in this case at least as fairly as our forefathers proceeded at the conferences of Charlottetown and of Quebec, at which were voted the seventy-two resolutions, the very basis of our Constitution as embodied in the British North America Act. Let us take all the time necessary for the efficient organization of this conference and give as much publicity as possible to the debates. After all, the matter is not urgent. And in the last few years we have had so many conferences of all descriptions that one more would not be too great a burden upon our budget.

The province of Quebec, with respect to which the problems of language, education and religion are so often raised when that province's relations with Ottawa are involved, cannot be altogether quiet or indifferent when it is proposed to substitute a new organic law for our present Constitution. It is well known that even despite the guarantees given by the British North America Act with regard to representation, education, language and religion, Quebec has only too often found that the underlying principles of these matters have been in jeopardy. Sad experience has often made Quebec realize how vigilant she must be in order that her rights in our Confederation may be respected. As Abraham Lincoln said, "Eternal vigilance is the price of liberty." I think, though, that I am faithfully representing the feelings of my people in Quebec when I say that the system of government established by the British North America Act has been found by Quebec an easy system under which to live. On the other hand, I am sure that no one underrates the value of the contribution made by Quebec to the working out of our Constitution and to our country's progress.

Hon. Mr. DANDURAND: I would suggest that my honourable friend suspend his remarks until after the Royal Assent has been given to some bills. I move that the Senate adjourn during pleasure.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Sir Lyman P. Duff, 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 Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act for the relief of Birdie Louise Coleman Wilson.

An Act for the relief of Solomon Hyman, otherwise known as Saul or Sam Hyman.

An Act for the relief of Lewis Gould.

An Act for the relief of Hyman Stotland.

An Act to incorporate The Economical Mutual Fire Insurance Company.

An Act respecting The Northern Trusts Company.

An Act to incorporate The Equitable Life Insurance Company of Canada.

An Act respecting The Pension Fund Society of the Bank of Montreal.

An Act for the relief of Pedro Alfonso Baptista.

An Act for the relief of Louise Isabel Sutherland Chaplin.

An Act for the relief of Clara Violetta Dodge Connolly.

An Act for the relief of Marie Consuela Hill Montabone.

An Act for the relief of Lona Marie Vaughan Burnett Gravina.

An Act to amend The Canadian and British Insurance Companies Act, 1932.

An Act to amend the Indian Act.

An Act to amend the Customs Act.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.

The Right Honourable the Deputy of the Governor General was pleased to retire.

The House of Commons withdrew.

The sitting of the Senate was resumed.

BRITISH NORTH AMERICA ACT—AUTHORITY TO AMEND

DISCUSSION CONTINUED

Hon. Mr. BOURGEOIS: Honourable members, when we adjourned I was just saying that it would be sheer carelessness not to notice the contribution made by the people of Quebec to the working out of our system and to the country's progress. French Canadians are worried by the thought of the Constitution of 1867 being changed for a new organic law the workings of which would depend, in part, upon a certain element of our population. I refer to the immigrants. I have no more desire to depreciate these people than had the honourable member from Rigaud (Hon. Mr. Sauvé) when speaking upon his motion concerning the question of immigration. Nevertheless, this is an element of which it can be said, euphemistically, that they have not the same ideals as ourselves. Neither have they the ideals of which our fellow-countrymen of English descent are proud. This, I say, is a real cause of worry to the French Canadians, who would regard modifications of the political system affecting their material welfare as mere trifles in comparison with changes which affected questions of language, religion and national traditions, and which, frankly, would threaten their very nationality.

The question before us, honourable senators, is so very important because of its political consequences, and involves so much friction on racial grounds, that it has brought about in certain milieux theories which by their very nature are bound to ruin any confidence my compatriots could have in any new régime which might be substituted for the present one. For instance, though it may be claimed that the British North America Act, being an Imperial statute or law, is not technically a contract, it has always been understood in the province of Quebec, and has always been taught in our schools and universities, that it was the ratification by the Imperial Parliament of a pact or contract between the Canadian provinces and that its basis or origin was a compromise, a treaty; in other words, to use the expressive language of the Roman law, that it was a "consensus ad idem placitum" and therefore could not be changed or amended without the assent of all parties to it.

This conception of the British North America Act was also accepted by the most distinguished statesmen of both parties, Liberal and Conservative, who have since had the honour and the burden of governing this country. It was the conception of the men who were known, and rightly so, as the Fathers of Confederation, for in 1865, when the old Canadian Parliament studied the schemes for Confederation, Hon. John A. Macdonald, later the great Sir John A. Macdonald, tabled the following resolution:

> That an humble address be presented to Her Majesty praying that she may be graciously pleased to cause a measure to be submitted to the Imperial Parliament for the purpose of uniting the colonies of Canada, Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island in one government with provisions based on certain resolutions which were adopted at a conference of delegates for the said colonies, held at the city of Quebec, on the 10th of October, 1864.

Parliament passed this resolution, and thus prayed that Her Majesty would enact a law in accordance with the Quebec resolutions. During the debate Hon. John A. Macdonald made some important remarks, which were quoted by my honourable colleague from Montarville (Hon. Mr. Beaubien) the other night. I shall quote them again, because we can never do it too often. He said:

> I trust the scheme will be assented to, as a whole.... If any important changes are made, every one will feel itself absolved from the implied obligation to deal with it as a treaty, each province will feel itself at liberty to amend it ad libitum, so as to suit its own views and interests; in fact, the whole of our labours will have been for nought and we will have to renew our negotiations with all the colonies for the purpose of establishing some new scheme.

On another occasion he said:

> As I stated in a preliminary discussion, we must consider the scheme in the light of a treaty.

There are also declarations made by the Hon. George Brown and the Hon. D'Arcy McGee. Brown stated very clearly:

> We have but made a compact subject to the approval of Parliament.

And D'Arcy McGee said:

The result of our proceedings is the document that has been submitted to the Imperial Parliament as well as to this House and which we speak of as a treaty.... Question it you may, reject it you may, or accept it you may, but alter it you may not.

Such public statements, the explicit character of which leaves no doubt regarding their meaning and far-reaching effects, were then brought to the attention of the public by the Hon. A. A. Dorion, who, on various grounds, was averse to Confederation as contemplated. He said:

It is a grave matter, since the scheme is so objectionable, especially as we are gravely told that it cannot be amended in the least, but that it is brought down as a compact made between the Government of this country and delegates from the governments of Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island—as a treaty which cannot be altered or amended in any particular.

When the Confederation Bill came to the House of Lords in England, Lord Carnarvon, on the 12th of February, 1867, made the following remarks:

The Quebec resolutions ... with some slight changes, form the basis of the measure that I have the honour to submit to Parliament. To those resolutions, all the British provinces in North America were, as I have said, consenting parties, and a measure founded upon them must be accepted as a treaty of union.

And while quoting Lord Carnarvon let me add another statement, which was made by the Minister for the Colonies during the same month. He said:

Lower Canada, too, is jealous, as she is deservedly proud of her ancestral customs and traditions; she is wedded to her peculiar institutions, and will enter this Union only upon the distinct understanding that she retains them.... The Coutume de Paris is still the accepted basis of their Civil Code, and their national institutions have been alike respected by their fellow subjects and cherished by themselves. And it is with these feelings and on these terms that Lower Canada now consents to enter this Confederation.

And now may I quote Professor Arthur B. Keith, who, in his most remarkable work "Responsible Government and the Dominion," writes as follows:

It was most expressly recognized in 1907—

The distinguished professor is discussing the procedure that led to the British North America Act of 1907.

—by the Imperial Government that the Federal Constitution is a compact which cannot be altered save with the consent both of the Dominion and the provinecs.

The late Sir George Ross, in his study, "The Senate of Canada," expresses the same opinion. He says:

It was not until 1907 that the Parliament of Canada formally admitted the doctrine of consent. The Subsidy Act of 1907 ... was based upon the assent of all the provinces by the Legislature or representatives, and thus Parliament recognized, for the first time, that the Union Act was a treaty to be amended only with the consent of the parties that were bound by it.

Now may I be permitted, honourable members, to recall that when the Bill which was to be the Statute of Westminster was submitted to the Imperial Parliament the Hon. G. Howard Ferguson, then Prime Minister of Ontario, sent a memorandum to the Right Hon. R. B. Bennett in which he stated that the Statute of Westminster should not give power to the Parliament of Canada to amend its own Constitution unless it contained a clause protecting the rights of the provinces. In the same memorandum he said that the Resolutions of Quebec were of the nature of a contract, and he added this, according to the Toronto Globe of September 20, 1930:

No re-statement of the procedure for amending the Constitution of Canada can be accepted by the province of Ontario that does not fully and frankly acknowledge the rights of all the provinces to be consulted and to become parties to the decision arrived at.

When, in 1930, Mr. Ferguson was protesting against any modification of the Constitution, the Imperial Conference, held in London during October and November, 1930, decided to give the Canadian Parliament the opportunity of taking all proper measures to enable the provinces to expose their views concerning the Statute of Westminster as contemplated. The provinces approved of the Statute of Westminster as proposed for their consideration, but I think it was at the request of the provinces that article 7 was adopted, namely:

That nothing in this Act shall be deemed to apply to the repeal, amendment or alteration of the British North America Acts, 1867 to 1930.

At all events, the provinces were consulted before the adoption of the Statute of Westminster. Professor Keith concludes that because of that interprovincial conference there now exists a constitutional reason why the provinces should be consulted before the Constitution is amended: the consent of the provinces has been officially requested and obtained in one case, and in questions of this kind custom dominates all other considerations.

Some university teachers, as we all know, have strongly opposed what they call the "contractual theory." It must be acknowledged that their views are in perfect accord with a certain attitude of mind easy to detect here and there in the political and the official

world. There seems to be what I should call a psychic complex, un état d'âme. When there is a desire for any modification, whatever it may be, the contractual theory is felt to be an obstacle. In an article published in the Canadian Bar Review of June, 1935, Professor Norman Rogers, the present Minister of Labour, describes this obstacle as dangerous and even alarming. Professor Norman A. M. Mackenzie, of Toronto, does not go so far as that. As for the views of Professor Kennedy, as stated before the special committee in another place last year, they have been already quoted here by the honourable senator from Montarville (Hon. Mr. Beaubien).

Honourable senators, I have no hesitation whatever in rejecting the thesis so skilfully presented by such distinguished professors. I even go so far as to declare that this thesis is dangerous. In my opinion it is contrary to the spirit of Confederation and conflicts with certain statements of the greatest importance, such as the one I have already quoted in support of my opinion. It involves a serious menace to the unity dreamed of by the Fathers of Confederation. Let me state my thought more explicity. The Fathers of Confederation foresaw that the federation could not be realized by legislative union, and that policy was therefore cast aside. If I am not mistaken, the Hon. A. A. Dorion, who strongly opposed the federation as then contemplated, was under the impression that the British North America Act would be the first step towards legislative union. He said:

> The Constitution is in the nature of a compact, a treaty, and cannot be changed.

A little later on he added:

> So far as Lower Canada is concerned, I need hardly stop to point out the objections to the scheme. It is evident, from what has transpired, that it is intended, eventually to form a legislative union of all the provinces. The local governments, in addition to the general Government, will be found so burdensome, that a majority of the people will appeal to the Imperial Government for the formation of a legislative union.

It is very interesting to compare this statement with the remarks made by a number of witnesses before the special committee of another place last year, to the effect that Canada has too many members of Parliament and that our system of government is too expensive.

The point I am trying to make is this. At all costs we must prevent the spirit of our Confederation pact from being undermined through the provinces being robbed of their right to be consulted and effectively treated as parties to this pact; and we must be equally determined to prevent the bringing about indirectly of the very thing that the pact forbids to be brought about directly, namely, a legislative union.

It is argued that Canada is the only Dominion without the power of amending her constitutional organic law—a situation considered especially unbearable since the adoption of the Statute of Westminster, which acknowledges Canada to be a sovereign nation. But this is by no means the first time that Canada's position has been considered. It was considered in the light of a special situation dating from times prior to the passing of the Statute of Westminster, indeed from the very days of the adoption of the British North America Act. May I make a final quotation? Speaking in the 1935 session upon Mr. Woodsworth's motion that a special committee be formed, Hon. Mr. Guthrie made remarks which are so much ad rem that I cannot refrain from quoting them. He said:

> The Canadian Constitution was the first constitutional Act which was adopted by the Parliament at Westminster in regard to colonial government, and to a large extent it became the model of all other constitutions which were subsequently granted by the Imperial Parliament. It is therefore the more notable that in all subsequent constitutions, namely in those of Australia, New Zealand, South Africa and the Irish Free State, there has been included in the various constitutional Acts an express power enabling these Dominions to amend their own constitutions, but with some limitations in regard to some of those enactments. I think it may be assumed from the fact that such a power is not included in the British North America Act that the omission did not arise through oversight but by design. It was a matter that was definitely decided; the power to amend was omitted after consideration and as a matter of agreement. The chief reason for the omission of power of amendment was to be found no doubt in a realization of the fact that Canada was a country populated very largely by two distinct races and considerably divided upon religious questions. It was for the express purpose of protecting the rights of minorities that power to amend our Constitution was not granted to the Parliament of Canada when the British North America Act was passed.

There is a principle, honourable members, universally acknowledged by all jurists and applied in all legislation, namely that the powers of enacting a law and of amending or repealing it are correlative. If you suppose the Federal Parliament to be granted the power of amending the British North America Act from time to time as seems expedient, you must of necessity implicitly acknowledge that the same Parliament has the power of making successive amendments which in the end could constitute nothing less than a complete repeal of our Constitution. So

after a certain time—at present it is impossible to determine how long, but because of the situation created by the immigration of foreign elements from Europe, which has been already mentioned, the time might be relatively short—all guarantees given by the Act of 1867 to my countrymen of Quebec in respect of language, nationality, traditions, and representation at Ottawa, would be struck out and the descendants of the pioneers of this country would become mere Helots, deprived of all those things they consider most sacred. That is what is feared. If modifications to our Constitution are necessary, let them be introduced by the common consent of all parties interested, through the medium of the Mother Parliament, the Parliament of Westminster, which is unprejudiced in this respect and not supposed to side with one faction or another.

Honourable members, the Constitution of 1867 has sheltered all the provinces of this our Dominion, and under its shadow they have grown and prospered. This great tree has from time to time been pruned and branches have been lopped off, but it has victoriously withstood the tempests. The trunk still remains robust and upright, pointing towards the heights of liberty for the exercise of rights and of faiths. Under this protection our fathers spent their happy lives. Nothing prevents us, their descendants, from enjoying the same peace and the same pleasures that they enjoyed. All that we need to do is to care for one another and understand one another better. But for our own sakes we in our turn must protect this great tree against any parricidal wounds. And by all means let us not cut it down, lest we be crushed to death.

Hon. Sir ALLEN AYLESWORTH: Honourable members, the subject under discussion comes before us not in the shape of a motion calling for a collective expression of opinion from this House, but of a notice by the honourable member from Hamilton (Hon. Mr. Lynch-Staunton) that he would draw the attention of the Senate to, and inquire of the Government its intentions respecting the question of the Parliament of Canada being given authority to amend the British North America Act.

I think there is not much prospect of any authoritative answer coming from the Government, for at the opening of this debate we were told by the honourable leader on this side (Hon. Mr. Dandurand) that he was not speaking for the Government, and, moreover, the Hon. Minister of Justice stated in another place, some days after this debate began, that:

> The matter is still being investigated, and when the work is completed the result will be submitted to the various provinces before it is placed before the House for discussion.

So if the subject is still being investigated we cannot expect any announcement, at the present time at any rate, of what conclusion the Government has reached.

The question proposed by the honourable gentleman from Hamilton has, however, produced already this good result, that it has afforded an opportunity to honourable senators to express their opinions about it; and that opportunity I also wish to take for a few minutes.

The question whether or not this Parliament ought to have power to amend the Constitution of Canada is not altogether new. I remember hearing it mooted on one or two occasions in the House of Commons more than thirty years ago. I think I may say that, as it has been brought to public notice lately, it is a comparatively new revival of the old idea, and that it comes now as a sequel to the report of a committee of the Imperial Conference held in London a few years ago. That report is, I suggest, the foundation of the movement—if it be a movement—which is now engaging public attention in this country.

The report was quoted to the House by the honourable gentleman from De Lanaudière (Hon. Mr. Casgrain). It appears in the Senate Hansard of April 30 at page 219. Speaking of the "self-governing communities composed of Great Britain and the Dominions," the committee reported:

> They are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs.

This statement at once invites attention to what was at that time the status of Great Britain as a self-governing community. Britain was then and had for ages been, to the knowledge of the whole wide world, an independent sovereign state. Was Canada? This report states that as self-governing Dominions within the British Empire Canada and the other Dominions were of equal status with Great Britain herself.

Without discussing at the moment the implications of any such statement, let me say simply that Britain was then, as she is still, by declaration of the Parliament of England made more than four hundred years ago, something more than a kingdom: Britain was an empire. We occasionally hear statements by public speakers or see in the newspapers remarks to the effect that the term "British Empire" is meaningless; that there is no such thing; that the expression is simply

a loose, inaccurate one intended to include all the Dominions over which Great Britain has control. I submit that this is a mistaken idea, and for confirmation of the opinion I am expressing I rely upon a recital of status which is now more than four hundred years old. In 1533 the statute of 24 Henry VIII, chapter 12, was passed by the Parliament of England. England was then alone in its position as an independent sovereign state. I mean there had been no union yet with Scotland. Ireland was to some extent, no doubt, under control of the English King and the English Parliament. The recital in the statute, couched in the language of that day, is as follows:

Where—

or, as we should say now, whereas—

Where by dyvers sundrie olde autentike histories and cronicles it is manifestly declared and expressed that this realme of England is an impire, and so hath been accepted in the worlde, governed by one supreme heede and King having the dignitie and roiall estate of the imperiall crowne of the same.

The statute then proceeds to the enacting clause, which by its express words is made to apply to all the described causes

comyng in contencion, debate or question within this realme, or within any the Kinges dominions, or marches of the same.

The King's dominions at that time, outside England itself, would be Ireland, the Isle of Man, and possibly some little settlement on this side of the ocean, on the shores of Newfoundland. Newfoundland and Cape Breton had been discovered by the Cabots some thirty-five or forty years before, and already there was fishing on the shores of Newfoundland, and English ships were crossing the ocean, returning laden with the fish they had caught. There may have been, even at that early date, some beginnings of English settlements on the shores of Newfoundland. Outside those dominions of the King there was nothing but Calais in France, which remained in the possession of England for some twenty-five years, I think, after this statute was passed, and the Channel Islands, a part of the ancient Duchy of Normandy, which then owed, as to-day they still owe, allegiance to the King of England as Duke of Normandy.

So, though these were the only dominions of the King outside England itself, there was in 1533 that statutory declaration by the King, Lords and Commons of England that this realm constituted an empire. That was not the foundation of the British Empire, for the statute is declaratory, but we have there the express statement by the Parliament of England that there was at that day such a thing in Europe as the Empire of England.

More than one hundred years later, when the union with the kingdom of Scotland had become perfected, and when Great Britain became an international entity, it was no less an empire than England alone with its dominions had been before. By the Capitulation at Quebec in 1759, followed by the treaty of cession in 1763, Canada entered an empire, and that empire is an enduring thing to this day, just as much as, in fact a great deal more than, it was four hundred years ago.

Accordingly there is no propriety in any suggestion that speaking of the British Empire is a loose or inaccurate method of describing the dominions over which the King rules. I should think there was a great deal more of inaccuracy in the effort to substitute for that grand old phrase any such collection of words as "the Commonwealth of British Nations."

Some Hon. SENATORS: Hear, hear.

Hon. Sir ALLEN AYLESWORTH: That new idea is founded, of course, upon this resolution or report of the Imperial Conference to which I have already alluded. Now, I do not intend to attempt any discussion of what its words, which I have already mentioned, may or may not mean or imply. They are not embodied in any statute. They have not the binding force that any parliamentary declaration would have. If the Parliament of Great Britain had used that language and declared that the Dominions were of equal status with Great Britain herself, I cannot see any point on which such a declaration would have been less than a declaration of independence. If the Parliament of Canada had then declared, or should now declare, by any legislative enactment, or by resolution, that Canada had from that date forward the same status that Great Britain has, I do not see any respect in which that would fall short of an absolute declaration of Canadian independence. But this resolution of delegates to an Imperial Conference has no such binding effect. It is a statement more of law, or of fact, or of mixed law and fact, than anything else. It is simply an assertion by those who make it that this is the present state of things in regard to the relations between the Dominions and Great Britain; and any such statement, unless followed by legislation, does not make the law of the land.

There has since been legislation which, it is sometimes said, makes a difference in our constitutional position. I refer to the legislation known as the Statute of Westminster, 1931. I have not brought into the House any copy of that statute, but I want to refer very shortly to what it does or what it does not do. It is the Act of 22 and 23 George V, chapter 4, assented to on the 11th of December, 1931. That statute, in its preamble, uses the phrase "British Commonwealth of Nations." It uses it in this way. The preamble states that the Crown is the "symbol of the free association of the Members of the British Commonwealth of Nations." The statute speaks of the established constitutional position of all the members of the Commonwealth in relation to one another, but there is no enactment of any change in our constitutional relations. The enactment is simply to widen and extend the authority of the Canadian Parliament in certain defined respects. We can now legislate in regard to matters which we were not free to legislate about before that statute was passed; but there is no suggestion other than the words I have read—there is certainly no suggestion in any of the enacting clauses of that statute—that our constitutional relations with Great Britain have been in any wise whatever altered by the passing of that Act.

So, departing from that legislation, let me refer to what is undoubtedly our Constitution. The British North America Act, of course, recognizes that Great Britain is an empire. We all know, I think, as a matter of historical fact, that the British North America Act was drafted, or the wording of it revised and settled, by the great parliamentary counsel who was afterwards Lord Thring; and to a gentleman so thoroughly versed in parliamentary law as he was, it would have been elementary that Great Britain and its possessions or dominions overseas were in every respect an empire. So, after stating that the provinces have expressed their desire to be federally united into one Dominion, the statute opens with the recital:

> And whereas such a union would conduce to the welfare of the provinces and promote the interests of the British Empire—

And later on, in section 132, the statute deals with the power to enforce treaty obligations, and enacts that:

> The Parliament and Government of Canada shall have all powers necessary or proper for performing the obligations of Canada or of any province thereof, as part of the British Empire, toward foreign countries, arising under treaties between the Empire and such foreign countries.

Britain, then, by express statutory declaration and recognition, was an empire as lately as seventy years ago. It has never ceased to have that status. It is an empire to-day. Canada is not. Canada has not control over any dominion or possession outside its own borders. Britain has. That is the difference. That is what constitutes Britain an empire. Think of the scores, I might almost say hundreds, of Crown colonies, possessions, protectorates, dependencies and other dominions of the King. The word "Dominion," which was allotted to Canada upon the passing of the British North America Act, was no new word in English legislation. I have quoted the phrase in the statute of 1533, where it was intended to apply to any of the King's dominions; and "the King's dominions" were, of course, the proper words to describe possessions or territories under the control of the King and outside the realm, or kingdom, or empire, of England itself.

Then, coming to the practical question of what we are discussing here—whether there would be any advantage or propriety in the Canadian Parliament being given, from the Parliament at Westminster, the power to amend the present British North America Act—I suggest that it would be most illogical to have any such condition of things in existence. If Canada were an independent sovereign state, then, of course, everyone would say no authority except the Parliament of this country had power to alter, amend or in any way change our Constitution; but Canada is not in such a position, and this Parliament of Canada is not a Parliament of unlimited authority. Every Parliament in Canada—not only the Parliament of the Dominion, but also the Legislature in each province—is necessarily of limited authority, because it has not been given and does not possess the wide, the plenary, authority over the whole field of legislation which is possessed by the Parliament of Great Britain or of an independent sovereign state. Upon the Union—upon the creation, not of one Parliament for Canada, but of one central Parliament and four provincial legislatures, each of them—the central Parliament just as much as the others—had to be limited in its jurisdiction, by the necessity of the case. That affords at once a very strong reason why no one of these parliaments should have jurisdiction over the Constitution of any other of them. That was, as to the provincial legislatures, taken care of by section 92 of the statute, and not without good reason. Section 92, which assigned to the provincial legislatures their legislative jurisdiction provides that:

In each province the Legislature may exclusively make laws in relation to ... the subjects hereinafter enumerated:

1. The amendment from time to time, notwithstanding anything in this Act, of the Constitution of the province, except as regards the office of Lieutenant-Governor.

Each of those provinces had been self-governing before the Union. They were now, by the agreement to enter into the Union to be formed, surrendering their powers to the Imperial Parliament, and taking a new grant of power. In so surrendering the powers they had previously possessed, and taking this new grant, they were each of them careful to retain the power of controlling, within the limits of the statute of course, their own constitutions. No such power was given to the Dominion Parliament, and for the best of good reasons.

In 1867, when the agreement for entering into this Union was under discussion and being arrived at by the provinces, would any one of them have listened to the suggestion that this new Parliament which they were then by their agreement creating, or intending to bring into existence, should do as it might please with the Constitution of the Confederation? Why, any such idea would have been fatal to the whole project of Confederation. They wanted to create, and they did create by their agreement, and by the statute which followed upon their agreement, a Parliament which was to have a limited jurisdiction, and no power to amend its Constitution. And why should it not be so at the present day? The dangers which existed in 1867 exist still, and indeed have been intensified in the last seventy years.

I believe I am not going too far when I express the settled conviction that if Canada were given power to amend its own Constitution Confederation could not last. I think of many reasons why, but I instance just one. Every one of us as a member of Parliament has a right—not a privilege, but a right—to use the French language if he pleases. Would that last if the Canadian Parliament had power to take it away by the stroke of a pen, by cancelling that clause in the British North America Act? Well, I can only say that it is within my memory, and I think the memory of everyone who listens to me, that only thirty or forty years ago there was in the province of Ontario a very decided, very strong and very dangerous agitation, led by one of the most prominent men of the day, in which at numerous meetings and in many newspapers it was insisted that Canada never could remain British unless it had one flag, one language, and, I believe, one navy—at any rate, that there must be but one language. Well, someone may say: "There is no danger. The Senate would prevent the abolition of that right to use either language." But what if there were no Senate? And how long would the Senate last if some of the radicals in the country wanted to get rid of it and had power to do what they wanted, as a result of being in a majority in the House of Commons after a general election?

At all events, apart from these practical suggestions of possibilities, the possession of the power to amend our own Constitution would at once endanger the peace, the harmony, the order and good government of Canada. So long as things remain as they now are, so long as we can get any amendment we want by uniting upon an address to the King, stating that such an amendment is desired, so long shall we be safe enough. But if amendments to the Constitution could be made with much greater rapidity, if all that was needed was action by the two Houses here—or by one House, if there were only one—there would be a very different state of things in this country.

I cannot understand why anyone should want the change. The word "subordinate" is often used by those who are advocating some change, as though that word were offensive, as though we must not for one moment admit that we are subordinate to anybody else in the world. Well, I can only say that all my life I have rejoiced in the thought that I was a British subject, and I see nothing any more humiliating in the word "subordinate" than in the word "subject." The whole trouble is in the Latin prefix. It signifies being under somebody or other. But we are all under the control of legitimate authority. And we should be none the less so if we declared ourselves to be equal to Great Britain or any other state in the world.

I can only say that I am unable to see any possible advantage in making the suggested change, and it seems to me there are tremendous perils in it.

On motion of Hon. Sir Thomas Chapais, the debate was adjourned.

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

THE SENATE

Wednesday, June 3, 1936.

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

Prayers and routine proceedings.

BRITISH NORTH AMERICA ACTS

PROPOSED JOINT ADDRESS—REPORT OF COMMITTEE ADOPTED

Hon. Mr. BLACK, Chairman of the Committee on Banking and Commerce, presented the following report, and moved concurrence therein:

The Standing Committee on Banking and Commerce begs to report that pursuant to reference made by the Senate on the 27th of May, 1936, an Address to His Most Excellent Majesty the King, praying that he may graciously be pleased to give his consent to submitting a measure to the Parliament of the United Kingdom of Great Britain and Northern Ireland to amend the British North America Acts, 1867 to 1930, and the British North America Act, 1907, has been under its consideration, and the Committee has heard representations bearing on that portion thereof respecting the conferring on the provinces of certain powers of indirect taxation, and recommends that such portion be not concurred in.

Hon. Mr. DANDURAND: Honourable senators, I have had occasion to say that the joint Address was submitted to Parliament as a result of a conference between the provincial governments and the Dominion Government, that it stands before this Chamber as a whole, and that I have no authority to accept any amendments bearing on the subject-matter. Under these circumstances, standing loyally by the agreement arrived at by the provincial governments and the Dominion Government, I must declare that I do not concur in the report.

Some Hon. SENATORS: Question!

The motion of Hon. Mr. Black was agreed to, on the following division:

CONTENTS

Honourable Senators:

Arthurs	Gillis
Aseltine	Gordon
Ballantyne	Griesbach
Bénard	Haig
Barnard	Hardy
Beaubien	Horner
Bourgeois	Hughes
Bourque	Laird
Calder	Leger
Cantley	Little
Chapais (Sir Thomas)	Macdonald (Richmond-West Cape Breton)
Coté	Macdonald (Cardigan)
Fallis	Macdonell
Fauteux	Marcotte
Fripp	McLennan
	McMeans
	McRae
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	Paquet
	Pope
	Quinn
	Rainville
	Robicheau
	Sauvé
	Sharpe
	Smith (Victoria-Carleton)
	Smith (Wentworth)
	Sutherland
	Tanner
	Taylor
	White (Inkerman)
	White (Pembroke)—49.

NON-CONTENTS

Honourable Senators:

Dandurand	Molloy
Graham	Murdock
Horsey	Prévost
Lacasse	Spence
McGuire	Turgeon—10.

Hon. Mr. BLACK: Honourable senators, I was paired with the honourable senator from Westmorland (Hon. Mr. Copp). Had I voted, I should have voted in favour of the motion.

Hon. Mr. JONES: Honourable senators, I was paired with the honourable senator from Moncton (Hon. Mr. Robinson). Had I voted, I should have voted for the motion.

Hon. Sir ALLEN AYLESWORTH: Honourable senators, I was paired with the honourable senator from Red Deer (Hon. Mr. Michener).

Hon. Mr. KING: Honourable senators, I was paired with the honourable senator from Kootenay (Hon. Mr. Green). Had I voted, I should have voted against the motion.

Hon. Mr. L'ESPERANCE: Honourable senators, I was paired with the honourable senator from De la Vallière (Hon. Mr. Raymond). Had I voted, I should have voted for the motion.

CONSTABLE LEWIS, OF SARNIA—ASSISTANCE TO WIDOW

INQUIRY

Hon. Mr. HARDY inquired of the Government:

If the Government is considering or will consider the granting of a pension or gratuity or other assistance to the widow of Constable Lewis, of Sarnia, who was killed by one Norman Ryan, a dangerous convict and criminal who was released from prison by the federal authorities.

Hon. Mr. DANDURAND: In answer to my honourable friend's inquiry I may say that the matter raised by his question would involve the whole policy underlying the Ticket of Leave Act and the exercise of the prerogatives of the Crown. This would necessitate most serious consideration.

MARITIME PROVINCES FINANCIAL ARRANGEMENTS COMMISSION

INQUIRY

On the notice by Hon. Mr. Sinclair:

That he will inquire and call the attention of the Government to:

1. What was the total cost to the Dominion of the Royal Commission on Financial Arrangements between the Dominion and the Maritime Provinces appointed September, 1934?
2. How much was paid to each commissioner for time given and for living and other expenses, showing each separately?
3. How much was paid to the legal counsel who represented the Dominion before the Commission, showing the names and amounts received by each for services, living expenses and clerical assistance?
4. How much, if anything, was paid to the legal counsel representing the provinces, showing each separately?
5. How much was paid for clerical and other expenses of the Commission, showing the names and amounts received by each?

Hon. Mr. DANDURAND: I have an answer for the honourable senator. It is as follows:

1. $26,475.01.

2. Sir Thomas White:
   Living and travelling expenses. $ 400 00
   Hon. J. A. Mathieson:
   Living and travelling expenses. 1,357 70
   Edward W. Nesbitt:
   Remuneration.. .. ..$950 00
   Living and travelling expenses.. .. .. .. 624 50
   1,574 50

3. C. G. Heward, K.C.:
   Remuneration. $7,690 00
   Travelling expenses.. 1,032 13
   Sundry expenses.. .. 78 79
   $8,800 92
   F. S. Rugg, K.C.:
   Remuneration.. ..$5,280 00
   Travelling expenses.. 1,202 09
   Sundry expenses.. .. 18 27
   $6,500 36

4. Nil.

5. Robert Brydie, reporter. $3,044 75
   Professor J. A. Maxwell, economist.. .. .. 1,232 64
   H. C. Draper—services.. .. .. 100 00
   G. A. De Muy—services. 296 13
   A. Consitt—services.. .. .. .. 171 29
   A. Hammond—services.. .. .. 255 49
   M. Shaw—services.. .. .. 87 00
   M. Malcolm—services.. .. .. 76 50
   M. E. Blakely—services. 76 50
   B. Carter—services. 309 68
   J. Bourque—services.. .. .. .. 96 67
   M. Boyd—services... .. .. .. 80 00
   W. C. Ronson—travelling expenses.. .. .. 59 73
   C. H. Payne—travelling expenses.. .. .. 6 40
   Stationery, telephone, telegraph, express, etc... .. .. 1,948 75

PRIVATE BILL

THIRD READING

Bill E, an Act to incorporate United Credit Association.—Hon. Mr. Little.

CUSTOMS BILL (CANADIAN WATERS)

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 67, an Act to amend the Customs Act (Canadian waters).

He said: Honourable senators, the main object of this Bill is to amend the Customs Act so that any maritime belt beyond the three-mile limit in which limited powers of control are to be exercised shall be specifically defined independently of the definition of territorial waters, and to provide that such definition shall not purport to give Canada jurisdiction over foreign vessels up to a twelve-mile limit. In addition to this main purpose other provisions are proposed which will have the effect of aiding officers in the prevention of smuggling by sea.

Those who have examined the Bill will have observed that it is intended to strengthen anti-smuggling measures. The Act of 1928 extended our right of seizure of Canadian ships to the twelve-mile limit. In 1931 this provision was made to apply to the right of seizure of foreign ships if the owners were domiciled in Canada. This was objected to by many countries, including Great Britain, as it appeared to be an extension of our territorial authority beyond the three-mile limit. The purpose of this Bill is to remove the embarrassment caused by the affirmation of that principle.

Two zones are created. Outside the three-mile limit Canada will only exercise police jurisdiction over vessels registered in Canada, unregistered vessels, such as speed boats, owned in Canada, and such other vessels as the Governor in Council may specify by proclamation. The extension of the jurisdiction to other vessels, by proclamation, would only follow consultation with the interested government. The United States in 1924 obtained our agreement to seizure of Canadian ships beyond the three-mile limit if they contravened laws of the United States and were within one hour's sailing distance of the shore. Under this measure we may ask for reciprocity.

I may say that by clause 3 a certain difficulty will be obviated. Under the present legislation, if a vessel carries liquor which does not appear on her manifest the master is penalized for producing a false manifest, but if there is no manifest the master is free from the operation of the Act. Under this Bill all ships carrying liquor will be compelled to carry a manifest.

We may go into committee on this Bill to-morrow. A few amendments will have to be made to some of its clauses.

I now move the second reading of the Bill, seconded by the honourable senator from Kootenay East (Hon. Mr. King).

Right Hon. ARTHUR MEIGHEN: Honourable members, I have read this Bill and have made an honest effort to understand it. I can see nothing in it that is worthy of objection on the second reading. Therefore, as far as I am concerned, I consent to the second reading now.

When I read the Bill it struck me that the title surely was wrong. There is a Customs Act, but there is no "Customs Act (Canadian waters)." However, we can amend that. Other objections also have been brought to my attention lately, but they refer wholly to matters of detail.

Hon. Mr. DANDURAND: I intend to move, or to have it moved, that the words "Canadian waters" be stricken out. As a matter of fact we have no "Customs Act (Canadian waters)." It was explained to me that the brackets were the saving feature of the title; that they had been employed before, and were sometimes used in British legislation. However, I believe the words "Canadian waters" may well be taken out.

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

REFERRED TO COMMITTEE OF THE WHOLE

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

The motion was agreed to.

WATER CARRIAGE OF GOODS BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 68, an Act respecting the Carriage of Goods by Water.

He said: Honourable members, the purpose of this Bill is to bring our law into line with the British Act passed in 1924.

Right Hon. Mr. MEIGHEN: And the American law too.

Hon. Mr. DANDURAND: And the American law recently passed.

There is some background to this legislation, and I shall give in a few words what has governed these enactments. The common law countries willed that carriers transporting goods by water should be bound to deliver them in good order and condition at the point of destination, saving only the act of the King's enemies and the perils of the seas. Carriers began to contract out of the common law to such an extent that their own terms, imposed on shippers, appeared in the bills of lading and set aside the general principles dominating this matter under the common law. When I speak of the common law countries I mean not only the United States and Great Britain, but all the Dominions and other countries of the Empire as well; for I recognize that there are many countries which go to make up the British Empire, although at times, more especially at the League of Nations, they do not appear to form part of the Empire. Many statutes were passed in order to curb the practice of contracting out of the common law. Our present Canadian Act, and also the English Act, have the effect of preventing that practice. The purpose of the Brussels agreement, which carried the consent of twenty states, was to check it. The Brussels agreement intervened as a sort of arbiter between the right of the shippers and the right of the carriers.

Our law disagreed in some slight respects with the British enactments. It is being reconciled now by the present legislation. In fact, the Bill before us is identical with the British Carriage of Goods by Sea Act of 1934. The word "Canadian" has been substituted for "Great Britain and Northern Ireland," and "waters" has been substituted for "sea."

With these few remarks, which may not be as clear as I intended them to be, I submit the Bill for second reading.

Hon. J. J. HUGHES: Honourable members, I was unavoidably out of the House for a few moments when the second reading of Bill 67 was moved, and I think it is on that Bill I should have spoken—

Hon. Mr. DANDURAND: It will be considered in Committee of the Whole to-morrow.

Hon. Mr. HUGHES: I wanted, if I could, to have that Bill sent to the Committee on Banking and Commerce, and if I am permitted to do so, I shall now very briefly state my reasons.

The House will remember that early in the session the honourable the leader of the Gov-

ernment read a letter from the present head of the Preventive Service with respect to violations of the law in the form of smuggling and illicit home-brewing. That letter contained what I should regard as very serious charges. I think those allegations should be considered, and in my view the Banking and Commerce Committee would be an excellent place to consider them and to hear from officers of the Service, particularly the heads, the reasons for the accusations or charges made.

It will not take a moment to read some of the charges contained in that letter.

Hon. Mr. DANDURAND: I doubt that that matter can now be discussed in the Senate. The Bill is coming before Committee of the Whole to-morrow, at which time my honourable friend, if he has any amendment to propose, may place it before us. It may be that no amendment is to be made. I wonder if in that case it would be proper to discuss a matter which is not relevant to the Bill. I do not know the honourable gentleman's intention. If it is simply to discuss a matter which has nothing to do with the Bill, or which does not improve or modify it in any way, I question whether he would be in order.

Right Hon. Mr. MEIGHEN: I am now exercising the privilege of speaking on Bill 67, which has already been referred to the Committee of the Whole. When the motion was made to commit it, the thought occurred to me that perhaps it should go to a special committee, for the reason suggested by the honourable senator from King's (Hon. Mr. Hughes), namely, that we might be able to improve the Bill after hearing some officers. I am not at all opposed to the measure.

I will apply the same words to the measure immediately before us, the Bill respecting the carriage of goods by water. It is quite possible that there may be some persons who would wish to be heard with regard to this. So far as I understand the Bill I am entirely in favour of it. It brings our law into conformity with what has been for many years the British law, and also with what I believe has been for a few years the American law and practice. The only objections raised in another place were with respect to section 3, and so far as I understand them I cannot support them. At the present time I can think of nothing at all against this measure or the preceding one. It would not take very long to deal with both in the Banking and Commerce Committee. I suggest to the honourable leader that he accept the suggestion of the honourable senator from King's to move to strike out the motion that has been carried and to have both Bills referred to the Committee on Banking and Commerce. I imagine that we shall probably not need to give more than an hour's consideration to them there.

Hon. Mr. DANDURAND: I thought the same end could be attained to-morrow, when instead of considering the Bills in Committee of the Whole we could move to transfer them to the Committee on Banking and Commerce. However, I have no objection to our referring them now to that committee, after the motion for second reading of Bill 68 is carried.

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

BILLS REFERRED TO COMMITTEE

Hon. Mr. DANDURAND moved that Bills 67 and 68 be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. HUGHES: May I suggest that the head of the Preventive Service, Sir James MacBrien, and other officers be asked to appear before the Banking and Commerce Committee?

The motion was agreed to.

CUSTOMS TARIFF BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 71, an Act to amend the Customs Tariff.

He said: Honourable senators, this Bill contains all the schedules which were distributed to members of Parliament on the day the Budget speech was delivered. Most, if not all, of the schedules have been in effect since that day. I suppose honourable senators do not want this Bill sent to any committee other than the Committee of the Whole.

Right Hon. Mr. MEIGHEN: There is no necessity to have it referred to any standing committee. I have no suggestion to make, except one which came from the Law Clerk and which I think has been made to the honourable leader. That could be brought up in Committee of the Whole.

Hon. Mr. DANDURAND: Yes. If there is any item upon which any honourable member desires special information I shall be glad to have my attention drawn to it now, so that I may be in a better position to deal with the question in Committee of the Whole to-morrow.

Hon. Mr. GRIESBACH: Item 703 provides that a Canadian who takes a trip to the United States and remains there forty-eight hours may bring in goods up to a value of $100 free, but such person will not be allowed the same privilege again until after four months have elapsed. It is pointed out that this favours a person who goes to the United States with the definite intention of purchasing $100 worth of merchandise, as compared with a person whose trips to the United States are more frequent than once every four months and who may desire to bring back with him each time only a few dollars' worth of goods. I do not know how the situation can be dealt with. People living along the border point out there is an element of injustice in this item. They say the law was intended to benefit Canadians who make casual visits to the States and bring back a few articles with them, whereas the fact is that such people would be penalized if their trips were not at least four months apart. On the other hand, anyone who sets out with the purpose of bringing in $100 worth of goods every four months has the privilege of doing so. I do not know whether any law could be passed to cover this situation, but perhaps some departmental regulations could be issued.

Hon. Mr. DANDURAND: I do not see how any injustice would be done. The item benefits tourists who go to the United States and bring back presents, wearing apparel, and other goods. Surely in being given that privilege three times in the year Canadian citizens are being liberally treated. If a tourist brings back only a few dollars' worth of goods, that fact may be an indication of his desire or limitations. A line must be drawn somewhere, and it seems to me that the line drawn by this item is judicious.

Hon. Mr. GRIESBACH: That is not quite my point. I will illustrate what I mean. The 24th of May was on a Monday—

Hon. Mr. CALDER: Sunday.

Hon. Mr. GRIESBACH: The holiday was observed on Monday. It was possible for people in British Columbia, by motoring to the United States on Saturday and returning on Monday, to qualify for the privilege under this item. Although the customs authorities had anticipated what would happen and had extra officers at Blaine, the port of entry between the state of Washington and British Columbia, the rush of returning tourists was so great that those who first arrived at the border on the afternoon of the 25th, after being away exactly forty-eight hours, did not succeed in getting across the border until four or five o'clock next morning. That indicates the extent to which advantage is being taken of the privilege, and shows how our own merchants are affected in consequence. However, the granting of the privilege is part of the Government's policy, and I am not dealing with it. My point is that the law was designed to benefit tourists and not people who go across the border with the deliberate intention of bringing back $100 worth of goods. The provision that the exemption shall not be granted to anyone twice within a period of four months is likely to work a hardship on persons who make more than one trip in four months and bring back a few articles incidentally.

Hon. Mr. CALDER: Why cannot such a person buy a full $100 worth at once?

Hon. Mr. GRIESBACH: But the law was not designed to encourage that.

Hon. Mr. CALDER: If a person has a complaint on that score he can bring in $100 worth at once.

Hon. Mr. GRIESBACH: I take it that the Government is desirous of getting as much revenue as possible, but this item defeats that purpose. I am told that people on the frontier are making a practice of going across to the United States and bringing back goods to the value of $100. Yet the man who has no intention of trading with American rather than Canadian merchants will not be permitted to bring back even a few dollars' worth of goods if he has received exemption under this item within a period of four months. My honourable friend says that advantage can be taken of the privilege through the purchase of $100 worth of United States merchandise at one time. That should not be the policy of the law, but it is.

Hon. Mr. BEAUBIEN: What does my honourable friend suggest?

Hon. Mr. GRIESBACH: The only reason I am bringing up the matter is to suggest that the technical officers of the Department of Customs examine the situation and keep their eye on it with a view either to subsequent legislation or to appropriate regulations.

Hon. Mr. DANDURAND: Then my honourable friend is asking me to draw the attention of the department to his views, not to bring him information on the matter tomorrow?

Hon. Mr. GRIESBACH: It is quite beyond me to suggest a remedy. I do not imagine the honourable gentleman himself can suggest one.

Hon. Mr. CALDER: May I ask a question on one point? If I were to go to New York with my wife and child, would each of us be permitted to bring back goods to the value of $100?

Hon. Mr. BALLANTYNE: Yes. It is $100 a person.

Hon. Mr. GRIESBACH: The item says "residents of Canada."

Hon. Mr. CALDER: Could a man and his wife and three adult daughters, for example, bring back a total of $500 worth? If they did so three times a year, $1,500 worth would be exempted from duty.

Hon. Mr. DANDURAND: My first impression was that if a family were returning from the United States the head of the family only would be entitled to exemption under this item. But, since my honourable friend has put the question, I shall ask the department for an interpretation. I should be very much surprised to find that a man and his wife and three children could bring in free of duty $500 worth of goods.

Hon. Mr. CALDER: Suppose a man and his wife and three children decided, as many Canadians do, to go to California for the winter. On returning they could bring in goods to a value of $500 free of duty, if my assumption is correct. Then let us say that in the summer they go down to Old Orchard Beach, on the eastern coast. If the date of their return were four months later than the date on which they returned from their winter trip, as it most likely would be, they could bring in an additional $500 worth. Before the year was out they might make a third trip, and bring back another lot of merchandise to the value of $500. In other words, such a family could import $1,500 worth of goods free of duty within a year. I should think that somewhere in the Act power must be given to the Minister to regulate a situation of that kind.

Hon. Mr. DANDURAND: I shall ask the department for some information.

Hon. Mr. BEAUBIEN: Is it not a fact that this item gives to Canadians returning from the United States the same privilege that United States people receive from their own Government on returning from Canada?

Hon. Mrs. WILSON: The United States gives its citizens the same privilege. I heard of one instance of an American tourist and his wife who had an addition to the family while in Canada and who claimed the $100 exemption with respect to the child when they returned. The United States Government held that the child was not a returning tourist.

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

BRITISH NORTH AMERICA ACT—AUTHORITY TO AMEND

DISCUSSION CONTINUED

The Senate resumed from yesterday the adjourned debate on the question proposed by Hon. Mr. Lynch-Staunton:

That he will draw the attention of the Senate to, and inquire of the Government, whether it is the intention of the Government to take steps to have legislation passed by the Imperial Parliament to the end that the Parliament of Canada shall have the authority to from time to time amend the British North America Act as it may deem proper.

Hon. Sir THOMAS CHAPAIS: Honourable senators, the question raised by our esteemed colleague from Hamilton is a very important one. It is an inquiry as to "whether it is the intention of the Government to take steps to have legislation passed by the Imperial Parliament to the end that the Parliament of Canada shall have the authority to from time to time amend the British North America Act as it may deem proper."

The British North Amercia Act is the Constitution of Canada. It is always a very serious matter to tamper with the Constitution of a country. In the present instance the purpose of the amendment would be to give to the Federal Parliament a power with which it was not invested by the framers of our Canadian charter. Before going further, I ask honourable members, would it not be wise for us to try to ascertain the reason for such an omission? I crave the indulgence of my colleagues while I attempt as briefly as possible to study with them what really took place at the famous and historical Quebec conference held during the fall of 1864—seventy-one years ago.

At that moment of our history the provinces of Upper and Lower Canada, united under a single legislature since 1841, were labouring under parliamentary and political difficulties which were inevitably leading them towards the most grievous deadlock. In order to solve the very arduous problem which faced them, the two great rival parties had formed a coalition for the purpose of changing the legislative union created by the Imperial Parliament into a federal union between the two Canadas, and perhaps, under a wider scheme, with the other British North American provinces. By a most fortunate coincidence, at the same moment Nova Scotia, New Brunswick and Prince Edward Island were seeking

to arrange a tripartite union in order to create a stronger, more progressive, and more efficient government. They had even convened a conference at Charlottetown. The Canadian Coalition Government could not miss such an auspicious opportunity. It sought admission to the Charlottetown conference. Such admission was willingly granted. A delegation of the Canadian Administration went to the capital of Prince Edward Island. The wider scheme of a general confederation of the British provinces was advocated and virtually agreed upon, and it was arranged to convene a greater conference at Quebec during the fall of 1864.

The Quebec conference opened on the 10th of October. It was composed of thirty-three members: twelve for the united province of Upper and Lower Canada; five for the province of Nova Scotia; seven for the province of New Brunswick; seven for the province of Prince Edward Island; two for the province of Newfoundland. It was decided at the outset that in the deliberations each province should have one vote, and that in voting Canada should be considered as two provinces.

I do not intend, honourable senators, to enter into a minute review of the proceedings. What I desire to emphasize in connection with the present discussion is the special and paramount character of the deliberations and of their outcome.

At the first meeting it was moved by the Hon. Mr. John A. Macdonald, seconded by the Hon. Mr. Tilley:

> That the best interests and present and future prosperity of British North America will be promoted by a federal union under the Crown of Great Britain, provided such union can be effected on principles just to the several provinces.

Let us pause a moment and quietly weigh these words: "a federal union effected on principles just to the several provinces." To my mind, honourable senators, here is to be found the corner-stone of our Constitution. The provinces are willing to unite their destinies in a confederation, but they want to make sure that their entity, their provincial rights, shall be safeguarded.

When we study the documents—unfortunately too scarce—relating to the Quebec conference, we find that constant assertion, and sometimes the clash of these two principles, of these two minds. It was soon obvious that a number of delegates were intent on giving to the Federal Parliament and to the Federal Government the utmost plenitude of powers, leaving to the provinces a somewhat restricted jurisdiction; and, on the other hand, that other delegates, whilst willing to create a strong central government, were firmly decided to maintain the provincial jurisdiction over a wide range of important matters. In the first group we could point out especially Mr. John A. Macdonald, Mr. Charles Tupper, Mr. Alexander Tilloch Galt and Mr. Henry; in the second, Mr. Georges Etienne Cartier, Mr. George Brown, Mr. Thomas D'Arcy McGee, and Mr. Chandler.

It is a well known fact that Mr. John A. Macdonald would have been favourable to a legislative instead of a federal union, if a legislative union had been possible. During the debates on the proposed confederation he made this frank statement:

> As regards the comparative advantages of a legislative and a federal union, I have never hesitated to state my own opinions. I have again and again stated in the House that, if practicable, I thought a legislative union would be preferable. But we found that such a system was impracticable. In the first place, it would not meet the assent of the people of Lower Canada, because they felt that in their peculiar position—being in a minority, with a different language, nationality and religion from the majority—their institutions and their laws might be assailed.

Mr. John A. Macdonald was not alone in that opinion. Many delegates made similar declarations. I do not like to bore this honourable House with too many quotations, but may I be allowed to mention what took place at perhaps the most important sitting of the Quebec conference, that of the 24th October, 1864. The Hon. Mr. Oliver Mowat is moving a series of resolutions defining the powers of the local legislatures. A delegate from New Brunswick, Mr. Chandler, states energetically his dissent. He says:

> I object to the proposed system. You are adopting a legislative union instead of a federal. The local legislatures should not have their powers specified, but should have all the powers not reserved to the Federal Government, and only the powers to be given to the Federal Government should be specified. You are now proceeding to destroy the Constitution of the local governments.

Mr. Tupper then comes in and takes the opposite stand. He deems that the Federal Government should be vested with the widest powers. According to his view, it is desirable to have a plan contrary to that adopted by the United States. Later on Mr. George Brown declares that he would rather agree with Mr. Chandler were it not that everything has been done to settle the matter in giving sufficient powers to local legislatures. Evidently two different minds are asserting themselves in the conference. The discussion goes on. Mr. Johnson, New Brunswick's Attorney-General,

wants to see enumerated the powers of the local governments and to give the rest to the general government, but he is opposed to a dual enumeration. At that moment, answering evidently to a strong utterance of Mr. Georges Etienne Cartier on behalf of Lower Canada, Mr. Henry, Attorney-General of Nova Scotia, makes this vehement adjuration:

I would ask Lower Canada not to fight for a shadow. We should not define powers of the general legislature.

What was that "shadow" so feelingly mentioned by Mr. Henry? Nothing less than provincial autonomy. And at last, after all those discussions, provincial autonomy wins the day. The powers of the Federal Parliament are enumerated in article 29 of the Quebec resolutions, including "all matters of a general character, not specially and exclusively reserved for the local legislatures." But also the powers of the local legislatures are enumerated in article 41, "including all matters of a private or local nature not assigned to the general Parliament." And so the two enumerations are adopted, and the two sets of powers are defined. The result is the maintenance of the provincial entity, of the provincial state, vested with complete political institutions exercising wide and exclusive jurisdiction: a Lieutenant-Governor representing the Crown, a Legislative Assembly (House of Commons), and a Legislative Council (House of Lords).

Nowadays we hear very interesting and clever dissertations on the nature of what was accomplished by the leaders of our people in 1864-1867. Was the change then effected in our political status to be considered as a confederation, or as a federation, or as a confederacy? Did it not amount simply to a new exercise of the Imperial sovereignty for the purpose of enacting a new kind of Constitution for the British North American colonies? Is the British North America Act anything more than an Imperial statute? And so on.

I must frankly admit, honourable senators, that whilst admiring sincerely the erudition, the power of reasoning, the cleverness of those elaborate studies, I do not feel that they should be the only rule, the only beacon, in our appreciation of the proceedings which prepared the birth of the Dominion of Canada. To my mind, we are faced not so much with a question of law as with a question of fact. Let us ask what actually took place in 1864 and the following years. In plain terms, five British provinces feeling the convenience, if not the necessity, of uniting to become stronger, attempted, in the words of the Hon. John A. Macdonald, to be found at page 32 of Debates on Confederation:

Hon. Sir THOMAS CHAPAIS.

To form a Government upon federal principles, which would give to the general government the strength of a legislative and administrative union, while at the same time it preserved that liberty of action for the different sections which is allowed by a federal union.

To that end these provinces, through their appointed delegates, held protracted conferences to discuss that momentous project, to lay down the basis of the contemplated federal union, to frame the new Constitution, to fix the extent and limits of the respective federal and provincial jurisdictions. When all that had been done the same provinces sent their delegates to London in order to get the Imperial seal affixed to the Constitution which they had freely and deliberately drawn. Having those facts in mind, we must necessarily admit that our Confederation, our federal union, was born of the deliberate will of the Canadian provinces, and that the federal jurisdiction and the federal powers are a grant of these provinces.

This grant was allowed only after long debates and strenuous efforts towards agreement. For this reason the framers of our Constitution have attributed to it the character of a treaty. To quote again from the speech of Mr. John A. Macdonald on the Quebec resolutions:

The scheme was not framed by the Government of Canada, or by the Government of Nova Scotia, but was in the nature of a treaty between the different colonies, each clause of which had been fully discussed, and had been agreed to by a system of mutual compromise.

And again:

We must consider this scheme in the light of a treaty.

And further:

If any important changes are made, every one of the colonies will feel itself absolved from the implied obligation to deal with it as a treaty.

I should like to quote also the words of another important member of the Quebec conference, Mr. Thomas D'Arcy McGee, the great orator and publicist, as they appear at page 135 in the Debates on Confederation. He said:

All former impediments have been most fortunately overcome—the treaty was concluded and signed by us all, and there it lies on your table.

In the same speech, at page 136, will be found this passage:

The result of our proceedings is the document that has been submitted to the Imperial Parliament as well as to this House, and which we speak of here as a treaty.

After the review of all these facts and the citation of all these significant declarations, we cannot but conclude that the British North America Act—which is virtually the enactment of the Quebec resolutions, with a few modifications assented to by all the Canadian delegates—is essentially the ratification of the solemn and definite agreement arrived at in 1864 by the provinces of Upper Canada, Lower Canada, Nova Scotia and New Brunswick.

The preamble of the Act says:

> Whereas the provinces of Canada, Nova Scotia and New Brunswick have expressed their desire to be federally united into one Dominion under the Crown of the United Kingdom of Great Britain and Ireland, with a constitution similar in principle to that of the United Kingdom....
>
> Be it therefore enacted and declared ...

and so on. In presenting the Bill to the House of Lords, Lord Carnarvon, the Colonial Secretary, reminds his colleagues that it opens by reciting the desire of the several provinces to be federally united. And during the ensuing debate Lord Campbell points out the fact that the Bill is founded on what is termed "the Quebec scheme of 1864."

To insist further would be only a waste of time. It is indisputable that our Confederation owes its existence to the initiative, to the will, to the deliberations, to the agreement of our provinces. Therefore we must admit that no important change in our Constitution should take place without the formal assent of those provinces.

Would not the amendment which has been spoken of be an important one? Is not the power of amending at will the British North America Act a dreadfully serious one, and before taking a questionable step should we not try to find why such right was not conferred by the enactment of 1867? This is something to ponder over. If you scrutinize the constitutional Act you will be faced, in this particular connection, with a striking case of discrimination. Under clause 92, which defines the exclusive powers of provincial legislatures, you will find the following:

> The amendment from time to time, notwithstanding anything in this Act, of the Constitution of the province, except as regards the office of Lieutenant-Governor.

Here is the power of amendment conferred upon the provincial legislatures. Now read clause 91, which defines the exclusive powers of the Federal Parliament. You will search it in vain to find a similar power vested in the central authority. How shall we explain the inclusion of that enactment in one case and its omission in the other? Shall we say that this is only a fortuitous lapse? One cannot even whisper such an absurd assertion. No, the framers of the Constitution abstained from granting the power of amendment to the Federal Parliament for the essential reason that such an enactment would have struck a deadly blow at their constitutional structure. Give this power of amendment to the Federal Parliament and you inevitably sound the funeral knell of provincial autonomy. With such a powerful weapon the Federal Parliament could subvert the provincial Constitution, encroach on provincial rights, impair the whole machinery of Confederation. I do not mean that this government or that government would do so, but I say that the door would be wide open to such a danger. Obviously it is to avoid those evils, to protect the "provincial state" against the possible infringement of the central power, that the Fathers of Confederation abstained from giving the right of amendment to the federal authorities. In other words, although the framers of the Canadian Constitution—that is to say, the provinces—willingly granted wide and necessary powers to the central government, they kept for themselves the right to amend their Constitution, and refused, for very good reasons, to invest the central power with any such right.

What is spoken of now is nothing but an attempt to secure from the Imperial Parliament precisely that power of amendment which was denied in 1867. In order that such a move might be justified, the assent of all the provinces—I mean the provinces through their legislatures—should be previously obtained. Furthermore, I must say that even in that case I should deem it a very unwise and dangerous step.

It may be said that such an amendment might be needed owing to special circumstances, to the necessity of solving new problems or of curing certain economic and social diseases. But could not some other means be devised? Could not other ways be found to attain the same end? Surely the federal and the provincial authorities could arrive at a proper understanding, in order to reach the desired goal, without impairing our Constitution.

I know perfectly well that neither constitutions nor governments are endowed with immortality. When we read the annals of past centuries we note the fragments of shattered political institutions lying, as decayed monuments, along the highways of history. Having in mind that fateful sight, the protagonists of the proposed change in our Canadian charter may ask us: "Do you believe the British North America Act has a promise of perennity and is as unalterable as, in the old era, the laws of the

Medes and Persians were supposed to be? Would you swear that Canada will not some day become a completely independent nation? Will you not admit that in such an emergency the Canadian Constitution will undergo unavoidable modifications?" My answer to such questions would be: No, I do not believe that our Constitution is immutable. Neither would I assert that in years to come our country will not make a final and decisive step, and unobtrusively take her place in the great family of sovereign states. In 1865 Mr. John A. Macdonald, in his speech on the Confederation scheme, alluded to such a possibility in the following words:

If the people of British North America, after full deliberation, had stated that they considered it was for their interest, for the advantage of the future of British North America to sever the tie, such is the generosity of the people of England that, whatever their desire to keep these colonies, they would not seek to compel us to remain unwilling subjects of the British Crown.

Some months before, Mr. George Brown, writing to Mr. Macdonald from London, where he had been sent on a special mission, stated with deep regret that there was in the political circles of Great Britain a feeling favourable to the severance of the colonial tie. If we go back to the fifties, shall we not meet a memorable speech of Lord John Russell, in which this renowned statesman was anticipating the day when the British colonies would quietly slip away from the Mother Country as the ripe fruit detaches itself from the parent tree? All this may show that such an event is within the range of political possibility.

For my part, may I be allowed to say that I feel no restlessness under the almost invisible tie. I feel no hate for the statu quo, and see no need for undue haste in seeking political relief. Coming back to our actual situation, I should like to persuade the leaders of this Parliament that we are not in a hurry; that each day has its assigned and necessary task; that in all conscientiousness we can leave to the statesmen of the future the duty of devising new means for solving the problems of their time; that for the present moment our Constitution is good enough—if we are wise and clear-sighted—to guide us out of our entanglements; and that we should be well inspired if we would follow the advice given in the old Latin motto, "Quieta non movere."

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

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

Hon. Sir THOMAS CHAPAIS.

THE SENATE

Thursday, June 4, 1936.

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

Prayers and routine proceedings.

PRIVATE BILL

THIRD READING

Bill O2, an Act to incorporate Quebec and Montmorency Railway Company.—Hon. Mr. L'Espèrance.

CUSTOMS TARIFF BILL

CONSIDERED IN COMMITTEE AND REPORTED

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 71, an Act to amend the Customs Tariff.

Hon. Mr. Murdock in the Chair.

Section 1 was agreed to.

Section 2 was agreed to.

On section 3—French version corrected:

Hon. Mr. DANDURAND: It is suggested that the word "thereof" in the last line of the section be changed to read "therefor." There is a clerical error. I would ask the honourable senator from Kootenay East (Hon. Mr. King) to move that this change be made.

Hon. Mr. KING: I so move.

The motion was agreed to.

Hon. Mr. COTE: What is the meaning of this section? Why should the word "crosses" be substituted for the word "croix" in the French version?

Right Hon. Mr. GRAHAM: Perhaps there is no plural form for the French word "croix"?

Hon. Mr. BEAUBIEN: The same word may be singular or plural.

Right Hon. Mr. GRAHAM: Perhaps the desire is to make clear that the plural is intended.

Hon. Mr. DANDURAND: I would ask that we suspend consideration of this clause until I receive an explanation.

Section 3 stands.

On sections 4 to 7, inclusive, and schedules A, B and C:

Hon. Mr. DANDURAND: It has been suggested by the Law Clerk of the Senate that the Bill would be far more conveniently

arranged if clauses 5, 6 and 7 were placed immediately after clause 4 instead of being separated by the schedules as they now are.

The CHAIRMAN: That could hardly be done, with section 6 reading as it does:

Schedule C to the said Act is amended by adding thereto the following items.

Hon. Mr. LITTLE: The words " the following items" appear also in sections 4 and 5.

Hon. Mr. DANDURAND: The suggestion is that in order to bring about this rearrangement the following changes be made in the Bill:

Page 2, lines 47 to 49: Strike out "the following items, enumerations and rates of duty in said Schedule A:—" and substitute "in such Schedule A to the said Act the items, enumerations and rates of duty which are specified in Schedule A to this Act."

Page 3: Insert at the head of the schedule or list, "Schedule A."

Page 18, lines 5 and 6: Strike out "the following items, enumerations and rates of drawback to Customs Duties in said Schedule B" and substitute "in such Schedule B to the said Act the items, enumerations and rates of drawback of Customs Duties which are specified in Schedule B to this Act."

Page 18, line 6: Insert at the head of the schedule or list, "Schedule B."

Page 18, clause 6: Strike out "following items" from the second line of the clause and substitute "items which are specified in Schedule C to this Act."

Page 18, clause 6: Insert at the head of the schedule or list, "Schedule C."

I would ask Hon. Mr. King to move that these changes be made.

Hon. Mr. KING: I so move.

Right Hon. Mr. GRAHAM: It is just a rearrangement?

Hon. Mr. DANDURAND: Yes.

The motion was agreed to.

Sections 4 to 7, inclusive, and schedules A, B and C, as amended, were agreed to.

Hon. Mr. DANDURAND: Yesterday the honourable senator from Saltcoats (Hon. Mr. Calder) and the honourable senator from Edmonton (Hon. Mr. Griesbach) asked whether the $100 exemption on goods included in the baggage of a Canadian returning from abroad extended to each member of his family. The department considers each member of the family is entitled to exemption on $100 worth of goods purchased abroad, but that goods purchased or obtained abroad by one person cannot be included in the exemption of another. As to whether, for instance, a man and his wife and three adult daughters could import $1,500 worth of goods free of duty within a year, the department states that each member could obtain exemption on $100 worth of goods, provided the goods were brought in after the expiration of four months from the time the last exemption was granted. In other words, they could each obtain three exemptions in one year.

Hon. Mr. BEAUBIEN: Do I understand that the purpose of the amendment made to subsection 1 of section 6 is to allow the Minister to fix the value for duty of imported goods when they are subject to dumping duty?

Hon. Mr. DANDURAND: My honourable friend did not put his question to me yesterday, as far as I remember.

Hon. Mr. BEAUBIEN: No; I ask for his indulgence. I want to be quite sure that that is the purpose of the amendment.

Hon. Mr. DANDURAND: I would leave it to my honourable friend to obtain the clear interpretation which is generally to be had by reading the Act.

Hon. Mr. BALLANTYNE: I would remind honourable senators that when the previous Government was in power strong objection was taken to the idea of allowing a Minister on his own initiative to fix the value for duty purposes. This amendment continues the practice.

Hon. Mr. DANDURAND: I am not quite sure that we are following in the same rut.

Hon. Mr. BALLANTYNE: It seems so.

On section 3, French version corrected (reconsidered):

The CHAIRMAN: What is the explanation of the French word in section 3?

Hon. Mr. DANDURAND: The explanation is very simple. The English word to be translated, crosiers, was rendered "croix." "Crosses" is the correct translation. Hence the correction. As honourable members are aware, a crosier is a bishop's pastoral staff.

The CHAIRMAN: There is to be no change?

Hon. Mr. DANDURAND: No; "crosses" is correct. Of course my neighbour to my right (Right Hon. Mr. Graham), not being a high churchman, did not understand the word.

Section 3, as amended, was agreed to.

The preamble and the title were agreed to.

The Bill was reported as amended.

THIRD READING

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

He said: I would draw the attention of the Clerk to the fact that the amendments which have just been made should appear in the Bill to be returned to the House of Commons.

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

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 P2, an Act for the relief of Margery Brunhilde Morphy Dunton.

Bill Q2, an Act for the relief of Mania Leizerson Oberman.

Bill R2, an Act for the relief of Milton Sandford Enoch Chase.

Bill S2, an Act for the relief of Jessie Dansky Glazer, otherwise known as Jobeth Dansky Glazer.

Bill T2, an Act for the relief of Mildred Eileen Champion Webster.

SPECIAL WAR REVENUE BILL

FIRST READING

Bill 76, an Act to amend the Special War Revenue Act.—Hon. Mr. Dandurand.

BUSINESS OF THE SENATE—ADJOURNMENT

Hon. Mr. DANDURAND: Honourable senators, there is nothing on the Order Paper for to-morrow. Two Bills of some importance are still in the hands of the Banking and Commerce Committee, but as I believe they can be dealt with this afternoon and this evening, and as any legislation reaching us from the House of Commons to-morrow can be dealt with on Monday, I think we may adjourn until Monday evening. I move, therefore, that when the Senate adjourns to-day it do stand adjourned until Monday evening at 8 o'clock.

I would draw the attention of members of the Banking and Commerce Committee to the fact that that committee will meet immediately after the House rises this afternoon.

The motion was agreed to.

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

THE SENATE

Monday, June 8, 1936.

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

Prayers and routine proceedings.

BRITISH NORTH AMERICA ACTS

PROPOSED JOINT ADDRESS RESTORED TO ORDER PAPER

Hon. RAOUL DANDURAND moved:

That the Order for resuming the further adjourned debate on the motion that the Senate do unite with the House of Commons in an Address to His Most Excellent Majesty the King be restored to the Orders of the Day, and that it be the first Order after third readings to-morrow.

He said: This, of course, is a motion which requires no notice.

Hon. Mr. MacARTHUR: Will the honourable leader explain the matter?

Hon. Mr. DANDURAND: Honourable senators, the proposed joint Address which was under discussion in the Senate was referred to the Committee on Banking and Commerce. The committee made a recommendation, which was accepted by this House. That recommendation dealt with the first part of the Address. I could have moved then that the Address be taken into consideration on the same or the next day. Now I ask that the Address be restored to the Order Paper.

Hon. Mr. BEAUBIEN: For to-morrow?

Hon. Mr. DANDURAND: For to-morrow, but the right honourable leader on the other side—

Hon. Mr. CALDER: I do not understand the honourable gentleman's reference to an "adjourned debate." We accepted the report from the Banking and Commerce Committee. Who adjourned the debate?

Hon. Mr. DANDURAND: My honourable friend will recall that the report of the Banking and Commerce Committee made a recommendation as to one part of the Address. The discussion, which was interrupted by the reference of the Address to the Banking and Commerce Committee, will be continued.

Hon. Mr. CALDER: But there was no actual adjournment of the debate?

Hon. Mr. DANDURAND: No.

Hon. Mr. McMEANS: What does the honourable leader opposite mean? A vote was taken on the report of the committee, and

the matter was thus dealt with. Can it be dealt with a second time? According to the rules of the House, if a matter is once dealt with, it cannot be dealt with a second time.

Hon. Mr. DANDURAND: The matter was not dealt with finally. The Banking and Commerce Committee recommended that the Address be amended by the omission of the first part. Its recommendation was concurred in. But the Address remains intact; it has not been amended. The Senate may now deal with the first and the second part. The report from the Banking and Commerce Committee does not dispose even of the first part. The Address is still before us. The Senate will have to decide whether it will amend the Address by striking out certain words. This would still leave the other part to be dealt with.

Hon. Mr. BEAUBIEN: I understand that the report of the committee, striking out the most important part of the resolution, has been accepted by this House.

Hon. Mr. DANDURAND: No.

Hon. Mr. BEAUBIEN: The report of the committee has been accepted.

Hon. Mr. DANDURAND: Recommending a certain course.

Hon. Mr. BEAUBIEN: I understand all my honourable friend wants to do to-morrow is to submit the Address itself to the House?

Hon. Mr. DANDURAND: Yes.

The motion was agreed to.

Hon. Mr. DANDURAND: I may repeat what I have just said in a summary way. This Address was referred to the Banking and Commerce Committee, which reported, recommending that the first part, concerning indirect taxation, be not concurred in. The committee's report was agreed to by the Senate. I refused to join in the acceptance of the recommendation, because it deleted half the Address. I told the Senate the Address was the result of a conference between the provincial governments and the Federal Government, and that I had no mandate to accept any amendment.

In order that the Senate may be informed of my intentions, I desire, as representing the Government, to state them now.

The main objection which was brought to our attention was the danger of each province setting up a tariff barrier against the other provinces. My right honourable friend (Right Hon. Mr. Meighen) urged me more than once to bring the matter before my colleagues. I have done so. To guard against that possible danger I shall have one of my colleagues move in amendment that clause 2A be amended so as to read as follows:

(i) retail sales, other than of all alcoholic beverages, spirits, malt, tobacco, cigarettes and cigars which are subject to customs and excise duty or tax in Canada or other than of all goods and articles for delivery without the province;

This is the addition:

provided that such taxation does not favour or discriminate against the sales of any goods or articles of the growth, produce or manufacture of any province or of any country;

Then follows the second part:

(ii) the services of hotels, restaurants and places of amusement or entertainment; in order to the raising of a revenue for provincial purposes.

True, other objections have been advanced. We may discuss them to-morrow when this amendment is moved. I simply make this explanation in order that the Senate may be seized of my intention when the Address is taken up again. I have said that I propose to have the amendment moved to-morrow, but if another day is preferred I shall naturally consent to postponement.

Hon. Mr. McMEANS: May I ask if this proposal does not really mean that the particular part of the Address which has already been debated will have to be debated over again?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. McMEANS: There will be another debate on the question we have decided?

Hon. Mr. DANDURAND: As I have stated, the Banking and Commerce Committee made a recommendation, which was agreed to by the Senate, but the Address itself was not amended. Consequently the Address as a whole still stands before the Senate. I have given notice that I shall have this amendment moved, and then it can be discussed, and accepted or rejected, as the Senate may deem fit.

Hon. Mr. CALDER: Honourable senators, I do not think there can be any objection at all to the course proposed by the honourable leader of the Government. As a matter of fact, when the Senate, a week ago, adopted the report of the Banking and Commerce Committee dealing with this Address, the honourable gentleman might have proceeded with the Address. This was not done. I am not quite sure, but I am inclined to think that, under the rules, as it was not done, the motion died. However, we need not argue the point. Personally I am of the view that

the effect of the motion, as it has been suggested, is to restore the Address to the Order Paper. I can see no objection to that course, for the Senate, as a matter of fact, did not deal with the third reading of the resolution. We gave it first reading—

Hon. Mr. DANDURAND: No. The motion is simply that we join with the Commons in voting the Address by adding the words "Senate and."

Hon. Mr. CALDER: So there was no necessity for first, second and third readings?

Hon. Mr. DANDURAND: No.

Hon. Mr. CALDER: The Address was discussed and then, on the suggestion of my honourable friend (Hon. Mr. Donnelly), it was decided to refer it to the Banking and Commerce Committee.

Hon. Mr. DANDURAND: To hear certain parties.

Hon. Mr. CALDER: Yes. It came back to us with a recommendation, which was approved. But the House has not dealt with the Address. As I understand, the purpose of my honourable friend's motion is to restore the Address to the Order Paper.

Hon. Mr. DANDURAND: The motion has been carried, and the purpose of my remarks is simply that the Senate may be seized of what I intend to do when the Address comes again before the House.

DOMINION GOVERNMENT COMMISSIONS

RETURN

Hon. Mr. CANTLEY inquired of the Government:

1. What inquiries or investigations has the Dominion Government authorized by royal commissions or other commissions during the years 1932 until 1936, inclusive?
2. How many of such royal commissions or other commissions have concluded their inquiries or investigations? Which ones?
3. What was the total cost to the country of each of such concluded inquiries or commissions?
4. What is the total cost to the country at date of each of the other inquiries and investigations not concluded?

Hon. Mr. DANDURAND: As the answer is somewhat voluminous, I would ask that the inquiry be made an order for a return, which I table forthwith.

Hon. Mr. CANTLEY: Thank you.

The inquiry was passed as an order for a return.

REORGANIZATION OF DEFENCE FORCES

MOTION FOR RETURN—DEBATE ADJOURNED

Hon. Mr. GRIESBACH moved:

That an Order of the House do issue for a return of the plan, proposal or recommendation for the reorganization of the Defence Forces of Canada in general or the Canadian Militia in particular which "is in process of being effected at the present time."

Hon. Mr. DANDURAND: Perhaps I should intervene before the motion is put, because I intend to ask my honourable friend not to press it. The advice I have from the Minister of National Defence is to the effect that the scheme of reorganization of the Canadian Militia is not complete at the present time, and consequently it is most undesirable that details should be given which are subject to change, and in regard to which no finality has been reached. The basis on which the reorganization of the Canadian militia forces should rest was stated to the House of Commons by the Minister of National Defence on May 19. I should like to impart to this House the statement of the Minister.

The reorganization of the militia has been under consideration for a number of years. The request for the reorganization became definite in 1932; it was submitted to a subcommittee of the former Government in 1933, because Canada at that time was making certain representations to the Disarmament Conference in Europe, and the suggestion was made that the strength of our militia forces should be reduced from the post-war figure of eleven infantry and four cavalry divisions to a composite strength of six infantry divisions and one cavalry. That recommendation has been endorsed by all the militia organizations, the Defence Association, the Canadian Infantry Association, the Artillery Association and, I think, every arm of the service, all these voluntary officers, men who have been giving such wonderful service to the militia of Canada. So far the full strength of what is known as the peace establishment has been reduced from a personnel of 135,000 to about 90,000. The actual strength of the non-permanent active militia is 48,761, as already stated. So far not very much has actually been accomplished along this line, but certain small units have been joined together and reorganization effected. The general policy will be to proceed with reorganization as soon as practicable.

I have asked my honourable friend not to press his motion, because the department and the Minister feel that it would be unwise to bring in a reorganization which would be tentative and subject to change.

Hon. Mr. GRIESBACH: I suppose that Canada is probably the only civilized country in the world that would proceed to a reorganization of its defence forces without first consulting Parliament. There are several reasons for this. Not the least is the fact

that people are not greatly interested in what happens to the militia. Furthermore, there are in the House of Commons a number of members who are ready to make wild statements and accusations and to ask, "Against whom are we preparing to make war?"—which question is always embarrassing to the Government. That is the reason why the Government does not want this matter discussed.

I have asked for the proposal of the Government not only in my private capacity, but in my capacity as a senior officer in the military forces—the second senior officer, as a matter of fact—and as a senator, and I have been refused the information.

Hon. Mr. DANDURAND: Should not my honourable friend qualify that? I have a vague recollection that my honourable friend was freely, though not officially, offered the document in order that his opinion might be obtained.

Hon. Mr. GRIESBACH: I have not been consulted or advised in any shape or form. I did ask the department for it, and was told, first of all, that I might come to the office and have it explained to me. I refused that invitation. Then I was told I might have the document confidentially. I refused to accept it confidentially, because as a member of Parliament I cannot accept papers of that sort confidentially until I know what is in them. I did think that in my capacity as a senator and in my capacity as a soldier the Minister might have trusted me with the document. However, he did not see fit to do so. I therefore warned him that I would move for a return.

My honourable friend (Hon. Mr. Dandurand) merely gives to the House the language that has been put into his mouth, and as he himself is the soul of courtesy and kindness to the members of this House, I impute no blame to him. He says, however, the document is incomplete. The incompleteness of the document is this. A scheme was drawn up which involved the dissolution of a large number of our militia units, and, as the people in the localities where these units were stationed heard about it, they registered vigorous objection. I suppose the Government is trying to treat with them and quiet them. To that extent the document is incomplete, but to that extent only. As the Minister says, it has been communicated to the military organizations—to several of which I belong—and had I been present at their meetings I should have heard the details. There is nothing confidential about this document at all. It is not going to alarm neighbouring states. It is not going to upset the League of Nations or the concert of Europe. The Government shies at giving out this information because it wishes to steer clear of any discussion about our military forces, for fear someone in the House of Commons will want to know with whom we are going to make war.

When it comes to discussing the defence forces, Canada is a nation of villagers. Nobody is interested in such matters and nobody bothers about them. Consequently we have again and again been pitchforked into trouble unprepared, unarmed and unequipped, and have paid the price afterwards. In a few days we shall be discussing the Pension Bill. I shall then try to explain to the House what it means, and how it comes about that one-third of the cost of pensions is attributable to failure on our part to make any arrangements or plans for the waging of war.

To come back to the reorganization of the defence forces of Canada, I repeat that there is no other civilized country in the world where such a reorganization would not first of all be placed before Parliament. We are undertaking to do it by back-stair methods. I am told that this document is confidential and that the scheme is incomplete. The document is not confidential and the scheme is not incomplete. The only variations in the scheme have been brought about by the protests of certain communities.

I make this explanation as the basis of the statement that I cannot accept the honourable gentleman's contention that this is a confidential document or that it should not be laid upon the Table of the House. I will insist as far as I can that the document be laid on the Table. I draw attention to the fact that the Minister himself stated that it had already been laid before a large number of organizations. Why could it not be laid on the Table of the Senate? There is no reason in the world why that should not be done. The Minister should be told that even if I were to accept the statement of the honourable the leader of the House, I could, under the procedure of this Chamber, initiate a full-dress debate on this subject. There is nothing to prevent me from doing that between now and the end of the session—

Hon. Mr. CALDER: Or having a committee.

Hon. Mr. GRIESBACH: —or having a committee and giving the matter publicity. I think that if the Minister is wise he will consent to the document being laid on the Table, where, probably, it will be read by

nobody but myself. As a member of this House, and as a senior officer of our defence forces, I insist that the document be placed on the Table, and I intend to exercise every right I have to bring that about.

Hon. Mr. HAIG: Have the military organizations such as the Great War Veterans seen it?

Hon. Mr. GRIESBACH: They are ex-military.

Hon. Mr. HAIG: The honourable senator has mentioned certain organizations. What does he mean?

Hon. Mr. GRIESBACH: The Minister makes a number of statements which show that he does not know very much about this matter himself. He says:

> That recommendation has been endorsed by all the militia organizations—

I do not know what that means.

> —the Defence Association—

I do not know what that means.

> —the Canadian Infantry Association—

I know what that means.

> —the Artillery Association and, I think, every arm of the service.

He apparently does not know that the various arms of the defence forces have their associations. The artillery, the cavalry, the infantry, the engineers and, I think, the signallers, all have national organization. This scheme for reorganization has been laid before the national organization and probably a thousand persons have been made acquainted with it.

Hon. Mr. KING: My honourable friend says "national organization." Are those people outside the Government service?

Hon. Mr. GRIESBACH: No; they are officers of the militia.

Hon. Mr. KING: Yes?

Hon. Mr. GRIESBACH: And in the various arms they form organizations which are recognized and subsidized by the Government of Canada.

Hon. Mr. CALDER: They are not in the Government service?

Hon. Mr. GRIESBACH: They are officers of the Canadian militia. You can say they are in the service of Canada or they are not, as you wish. The fact is that they are officers of the Canadian militia.

Hon. Mr. KING: My question was: are they officially employed in the military service and receiving pay?

Hon. Mr. GRIESBACH: Does the honourable gentleman mean to inquire whether they are permanent employees of the Government?

Hon. Mr. KING: Exactly.

Hon. Mr. GRIESBACH: No. They may be permanent employees of various departments, in a civil capacity. But they are officers of the Canadian militia.

Hon. Mr. HAIG: Volunteers.

Hon. Mr. GRIESBACH: Volunteer officers, if you like.

Hon. Mr. KING: If that is true, I should say that military conditions in Canada are surely in a bad way. If persons who are not employed and paid by the Government in the military service can form associations for the discussion of military affairs in the manner suggested by my honourable friend, I think the military service is in a bad way.

Hon. Mr. GRIESBACH: I am afraid my honourable friend has not a clear conception of our militia service.

Hon. Mr. KING: I am trying to get it.

Hon. Mr. GRIESBACH: The defence forces of Canada consist of volunteers.

Hon. Mr. KING: I know that.

Hon. Mr. GRIESBACH: They give their services to the country. The officers receive pay only when they are in training. They buy their uniforms and equipment in every detail, and the pay they receive does not begin to cover this cost to them. They make a contribution of their time, their intelligence and their efforts to the people of Canada, through their service in various branches of the militia. Some of them may be employed in Government departments, but I suppose the vast majority of them are not. The artillery officers have an association known as the Artillery Association, sponsored, encouraged and subsidized by the Government of Canada. The cavalry, the engineers and the signal service have similar associations, sponsored and subsidized by the Government. Now, the plan of reorganization has been submitted to these associations at their annual gatherings. That is the plan I want; and I say, if it can be submitted to these organizations it can surely be laid upon the Table of the Senate.

Hon. Mr. DANDURAND: I would draw the attention of my honourable friend to this fact. A tentative plan or plans may have been circulated among the various organizations in the militia for their opinion. My

honourable friend asks for a copy of such plan or plans. His motion is:

That an Order of the House do issue for a return of the plan, proposal or recommendation for the reorganization of the defence forces of Canada in general, or the Canadian militia in particular, which "is in process of being effected at the present time."

Well, I can quite understand that the responsible Minister might be opposed to presenting to Parliament a piecemeal, half-baked or tentative plan which may be revised after divers opinions have been received from the associations. I do not belong to the militia. My incompetence in military affairs is complete. I remember that around 1922 or 1923 I made an innnovation which created something of a stir. Being in charge of a bill to amend the Militia Act, I asked my gallant and honourable friend if he would take charge of it. He did, and of course he handled it wisely and efficiently. He knew the whole subject from A to Z. I was entirely ignorant in the matter and should have had to read a memorandum but for my honourable friend's assistance. I have always been of the opinion that the dividing line which exists between members of another place should not exist in this House, and that ministers should select as their representatives in this Chamber such honourable members as are in the best position to advance different pieces of legislation. It was because I held that opinion that I went to my honourable friend at the time.

But I do not believe my honourable friend has the better of the argument with the department—for it is with the department he is arguing the question. The department says, in effect, "We cannot lay before the House tentative projects that are being considered, with respect to which plans or proposals are being circulated, because we have not yet reached a conclusion." I am surprised to hear my honourable friend say that whatever may be the conclusion it will be arrived at outside the purview of Parliament. I should be surprised if any reorganization of the militia entailing expenditure of money were to be made without the approval of the House of Commons. I think the Minister was quite logical when he suggested that my honourable friend take cognizance of these documents confidentially, in order, probably, that he might give his own opinion upon them, but that he should not expose before the Senate the various opinions of the militia associations and say that he preferred such-and-such a plan. I feel that the proper time for him to express his views in the Senate will be when the plan is completed. I would suggest that my honourable friend accept the proposal of the Minister, who is ready to put the whole record before him; and later on he may have a full-dress debate upon the whole subject of the militia if he so desires.

Hon. Mr. GRIESBACH: My honourable friend suggests that I should sit quietly by—that we all should sit quietly by—until the Government is prepared to disclose its plan.

Hon. Mr. DANDURAND: For which the Government will take responsibility.

Hon. Mr. GRIESBACH: Quite so. I am in doubt as to whether the matter is certain to come before us under the head of expenditures of money, because the reorganization does not necessarily call for the spending of any greater amount than is now voted. Of course, if there is any real reorganization some added outlays will be entailed.

Let me address myself to the plan. In another place a few days ago a member complained that no steps had been taken to bring about the reorganization which was long since overdue. To this the Minister replied:

My honourable friend is scarcely correct in that. It is in process of being effected at the present time.

Right Hon. Mr. GRAHAM: "In process."

Hon. Mr. GRIESBACH: I am reading from page 3243 of the House of Commons Hansard. In my motion I quoted those words, "is in process of being effected at the present time." Now, if reorganization is being effected at the present time, the day will come when the plan is completed. But it will then be an accomplished fact. When the reorganization is completed and calls, as it will call, for tank battalions, anti-aircraft defence, searchlight equipment and so on, then expenditures will be necessary. But none are necessary in the meantime. All I am asking for is that the recommendation which has been laid before these military associations be laid on the Table of the Senate, so that I may look at it. I refuse to accept it confidentially, because in the event that I found it contained something which in my judgment ought to be made public my hands would be tied.

Hon. Mr. DANDURAND: What recommendation does the honourable senator speak of?

Hon. Mr. GRIESBACH: The recommendation which the honourable the Minister of National Defence himself mentioned. Speaking in another place the other day, he said:

The reorganization of the militia has been under consideration for a number of years.

And so on.

Hon. Mr. KING: Read on.

Hon. Mr. GRIESBACH: He uses a number of confusing terms. He says:

That recommendation has been endorsed by all the militia organizations, ...

The Minister knows quite well what the document is. I would ask my honourable friend to tell him that I should like to have laid on the Table that document which he has put before a number of other persons, including the militia associations. I want to look at it in order to satisfy myself whether there is anything in it that calls for my intervention in this Chamber. I think that I, as a member of this House, have a right to that document.

Right Hon. Mr. GRAHAM: Honourable members, of course I am not a fighting colonel, though I have been Minister of Militia. I did amalgamate the different branches of the defence services of Canada into the Department of National Defence, and was the first Minister of that department. I know something about the difficulties of having suggestions followed by military men, who would obey field orders to the dot. Honourable members who are not familiar with the situation will be surprised when I say that the Minister of National Defence is called upon to deal with more details of a difficult character than perhaps any other minister. Officers of the forces do not always agree upon what should be done. When I became Minister I had the difficult task of getting the naval and military men together; and I am not sure that they ever did really get together. However, I did notify all the officers I could get before me that there was to be an amalgamated department, of which I was to be Minister, and that they could work out certain details or I would do it for them. They finally agreed upon a certain basis. While I was in charge of that department, being a civilian and not knowing much about matters of national defence, I invariably ascertained the opinions of men in any organization affected by changes proposed by the headquarters staff. That was because I felt the staff might not always be right. That is simply what the present Minister is doing. I would have a man discharged if he gave out information with respect to official plans still under consideration. If Lieutenant Brown, Captain Smith and Colonel Jones each urged his particular opinion it would be impossible to carry out any reorganization. There comes a time when the opinions of the various service organizations are submitted to the staff, and the staff report on them to the Minister. Then responsibility for the decision rests with him.

Hon. Mr. GRIESBACH: That is exactly the position we are at now.

Right Hon. Mr. GRAHAM: But the honourable gentleman wants to step over that position. He wants the Minister to give to him publicly, not privately, whatever documents he may have. The Minister has offered to give my honourable friend all the information. Officers of the service organizations will be discussing the plan, but the rank and file probably will not be called together in very large numbers.

Hon. Mr. GRIESBACH: That is being done.

Right Hon. Mr. GRAHAM: I think my honourable friend will find out that those men, as soldiers, will be asked not to publish the information placed before them—

Hon. Mr. GRIESBACH: That is the fact.

Right Hon. Mr. GRAHAM: —as probably the plan will be changed before it is finally adopted. That being the case, why should my honourable friend, however desirous he may be of examining the plan, decline to receive the information unless he is allowed to make it public?

Hon. Mr. GRIESBACH: No; my right honourable friend does not do me justice there.

Right Hon. Mr. GRAHAM: I do not want to do my honourable friend an injustice. When I was Minister of the department I insisted that such information should be given privately. My honourable friend wants it laid on the Table.

Hon. Mr. GRIESBACH: No; my right honourable friend misapprehends me. I draw his attention to the fact that it was foolish to treat me in that fashion. I was simply asking for a document which had been submitted to other persons. If it had been handed to me I should have treated it in the proper way; but when the Minister tries to bargain with me, then as a member of this House I cannot accept the document confidentially, because it might disclose something which it would be my duty as a senator to lay before the Senate and the country. If the Minister intends to approach me in my military capacity, that is another matter.

Right Hon. Mr. GRAHAM: As a member of one of those organizations, is my honourable friend not entitled to see anything that they have seen?

Hon. Mr. GRIESBACH: Exactly.

Right Hon. Mr. GRAHAM: It is not as a senator or as a private individual, but as a member of one of those organizations that he can see it.

Hon. Mr. GRIESBACH: Very well. I was not able to attend either of the conventions. My right honourable friend states the case clearly.

Right Hon. Mr. GRAHAM: We shall have to have another convention. I do not see how, if I were the Minister, I could go any further without getting the department, and perhaps the service itself, into difficulty.

Hon. Mr. GRIESBACH: What does my right honourable friend say to the other proposition of the Minister, that this reorganization is being proceeded with to-day,—

Hon. Mr. KING: Is being developed.

Hon. Mr. GRIESBACH:—and that in six months or a year from now it will be completed? Then the country will be confronted with an accomplished fact. Surely we are entitled to know what this reorganization is.

Hon. Mr. BEAUBIEN: The plan in question has been submitted to the different organizations confidentially?

Hon. Mr. GRIESBACH: Yes, to about a thousand men. I could have attended the meetings myself and got the information in my capacity as a member of the organization. I ask why in the name of common sense the information cannot be furnished to me now.

Right Hon. Mr. GRAHAM: May I be pardoned for violating the rules? If some other department were concerned, for instance the Department of Public Works—assuming contracts were not being dealt with—it would be different; but, as my honourable friend knows, the Department of National Defence does not hand out its proposals until it is ready to do so. I had charge of the department for some years, and I had to be careful that matters of a defence nature—and this surely is of such a nature—should not be made public until the Government had come to a decision and was ready to assume responsibility for its action. I think my honourable friend will find that any plan of reorganization has to be passed by Order in Council before it can be put into effect. On motion such Order in Council can be placed on the Table of either House and discussed.

Hon. Mr. DANDURAND: I would appeal to my honourable friend as a soldier—and a brilliant one he has been—to reflect that his superior officer, the Minister of National Defence, has under consideration a scheme for the reorganization of the Canadian militia. It is not complete, and consequently it is most undesirable that details which may be subject to change should be made public. That is why the Minister would be disposed to hand the document to my honourable friend in confidence. If I were the Minister I would say, "Not only do I hand the document to you privately, but I want your opinion upon the reorganization."

Hon. Mr. GRIESBACH: If the honourable gentleman who leads the House or the right honourable gentleman who sits beside him were the Minister of National Defence, the documents would have been handed to me the moment I asked for them.

Right Hon. Mr. GRAHAM: I should not be so sure of that until I had seen the documents.

Hon. Mr. GRIESBACH: It seems to me there is a lack of courtesy and common sense. The reorganization is going on now. The document says: "We will reduce the number of infantry battalions from 135 to 92. We will turn so many regiments of cavalry into tank battalions. We will turn so many battalions of infantry into anti-aircraft corps." That is the scheme.

Right Hon. Mr. GRAHAM: I am afraid my honourable friend knows what is in the document.

Hon. Mr. GRIESBACH: I think I do. There follows from that scheme the actual naming of the units to be disbanded. I am not asking for that; I am asking for the scheme. I know what is bothering the Minister. If the infantry is to be reduced from 135 to 92 battalions, then 40 battalions in 40 localities will be disbanded, and officers from those 40 localities will camp on the Minister's door-step with their complaints. That is what he is worrying about. I am not asking for information on that point at all. That is a matter of indifference to me. Let him deal with it himself. But there is a paper plan for turning so many regiments of cavalry into tank battalions, and so many battalions of infantry into anti-aircraft corps. There is not a civilized country in the world that is not doing the same sort of thing. The Department of National Defence is now carrying out this scheme without placing it before Parliament.

Hon. Mr. HAIG: Is there any objection by the Government?

Hon. Mr. DANDURAND: Let not the honourable gentleman's question be too deep.

Hon. Mr. HAIG: My knowledge of military affairs is so slight that I am sure the honourable gentleman will be able to answer any question I may be able to ask.

Right Hon. Mr. GRAHAM: That does not follow.

Hon. Mr. HAIG: Is there any objection to the Minister handing the proposed plan to the honourable senator from Edmonton as a military officer?

Hon. Mr. DANDURAND: No.

Hon. Mr. GRIESBACH: I will not take it from the Minister in that capacity; I am in Parliament just as he is. I will take it from the Chief of the General Staff.

Hon. Mr. HAIG: Honourable members, it seems to me there is a way out of this impasse. If a member of the House with such a distinguished record as that of the honourable senator from Edmonton asked for production of a document on military affairs, I am bound to say I would support the request. It is not understandable to me how a reorganization of our military forces should be under way and the Parliament of Canada know nothing about it. I am shocked by the statements made to-night by the honourable member from Edmonton. I do not want to believe it possible that a military reorganization could take place without the country's representatives in Parliament passing on the plan, at least in confidence. I cannot understand why the Government should desire to take all the responsibility—though from the political angle it might be desirable that we should not take any responsibility. I would tell the Minister quite candidly that if the 90th Rifles, the 16th Highlanders, the 10th Grenadiers and the 13th Field Artillery of Winnipeg are wiped out under the reorganization, Winnipeg will be very much disappointed. I desire to know whether the Minister cannot have the Chief of the General Staff hand to the honourable senator from Edmonton as General Griesbach, Second Senior Officer of the Canadian Service, a copy of the proposed plan. If General Griesbach, as General Griesbach, gave that plan to the public, it seems to me he would very seriously prejudice his position as an officer in the military service of Canada. I move that we adjourn the debate to see whether or not this cannot be done.

The Hon. the SPEAKER: Does the honourable senator from Edmonton desire to speak further?

Hon. Mr. GRIESBACH: It is a tempest in a teapot and is really unworthy of us; but the honourable leader of the House has used language, put into his mouth by the Minister, which I cannot accept. If the honourable gentleman cares to listen to the suggestion made by the honourable junior member from Winnipeg (Hon. Mr. Haig), we might arrange the matter without going further, but I am going to insist upon my rights as far as I can.

Hon. Mr. BLACK: Honourable senators, I may say that the plan referred to does not seem to be at all a secret among the members of the militia. I am still on the active list of the cavalry branch, and I know that a number of cavalry regiments have been advised that they will be converted into tank corps, as mentioned by the honourable senator from Edmonton. I have been consulted by at least a dozen officers as to what I thought of the plan. I mention this simply as a reason why it seems to me the information might well be given to any member of this or the other House who asks for it. I have been told by militia officers in different parts of Eastern Canada that they have been advised already that the reorganization of their particular units has been planned.

Hon. Mr. KING: Have they been advised or consulted?

Hon. Mr. BLACK: They have been advised. The Cavalry Association held a meeting here in Ottawa. Members attended from all over Canada. Do honourable senators imagine that those members would have been told about the reorganization if it was intended to be kept absolutely secret?

Hon. Mr. KING: I understood they were being consulted.

Hon. Mr. BLACK: They have not been consulted; they have just been told.

Some Hon. SENATORS: Carried!

Hon. Mr. CALDER: I should like to make one suggestion. I think the honourable senator from Edmonton (Hon. Mr. Griesbach) intimated that if the Chief of the General Staff let him see a copy of the document he would be quite satisfied. To my mind it is questionable whether a document of that kind should go on the Table of the House. I do not know whether it is customary. But if the honourable senator who made the motion for a return would be satisfied with having a copy, or seeing a copy in the office of the General Staff—

Hon. Mr. DANDURAND: I thought we had at last reached a solution.

Hon. Mr. POPE: You want to start and talk this all over again.

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

CANADIAN NATIONAL-CANADIAN PACIFIC BILL

FIRST READING

Bill 21, an Act to amend the Canadian National-Canadian Pacific Act, 1933.—Hon. Mr. Dandurand.

SPECIAL WAR REVENUE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 76, an Act to amend the Special War Revenue Act.

He said: Honourable senators, the main purpose of this Bill is to implement the budget resolutions of the 1st of May, but, as usual, some administrative changes have been included.

The chief budget items are the decrease to 2 cents per 100 on cigarette paper tubes, the increase in the sales tax from 6 to 8 per cent, and the exemption from all excise taxes of goods imported by returning travellers under what is commonly known as the one hundred dollar exemption.

The principal administrative changes relate to the definition of the phrase "manufacturer or producer"; the rewriting, for purposes of clarity and convenience, of Part VII, commonly known as the stock transfer tax; the increase in the security to be given by licensed wholesalers by reason of the increased tax, and the authorization of certain officers to take statutory declarations required by the Act. In addition, it is sought to collect sales tax in connection with the assignment of book debts, provision is made for the protection of officers in the exercise of their duties, and there are one or two other changes of lesser importance.

I content myself with these few explanatory remarks, and move the second reading of the Bill.

Hon. Mr. BEAUBIEN: Although, I presume, there is very little to be said on a measure of this nature, which is essentially a money matter, I trust that in the absence of the right honourable leader of this side of the House the honourable the leader of the other side will postpone the committee stage of this Bill until to-morrow or the next day.

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: I move that the Bill be referred to Committee of the Whole to-morrow, with the understanding that it may then be postponed.

The motion was agreed to.

12745—28

DIVORCE BILLS

SECOND AND THIRD READINGS

On motion of Hon. Mr. McMeans, Chairman of the Committee on Divorce, the following Bills were severally read the second and third times, and passed:

Bill P2, an Act for the relief of Margery Brunhilde Morphy Dunton.

Bill Q2, an Act for the relief of Mania Leizerson Oberman.

Bill R2, an Act for the relief of Milton Sanford Enoch Chase.

Bill S2, an Act for the relief of Jessie Dansky Glazer, otherwise known as Jobeth Dansky Glazer.

Bill T2, an Act for the relief of Mildred Eileen Champion Webster.

SUPREME COURT OF CANADA

ABOLITION OF APPEALS FROM UNANIMOUS JUDGMENTS—MOTION—DEBATE ADJOURNED

Hon. J. P. B. CASGRAIN moved:

That in the opinion of the Senate, a judgment of the Supreme Court of the Dominion of Canada, when unanimous, should be final except in constitutional cases.

He said: Honourable senators, I must confess that I rise with a great deal of diffidence to speak on this question, which has been before Parliament so long that it has been worn threadbare. Twenty years ago, when I made the same motion, the question was forty-one years old. It has now grown to the age of sixty-one years, and I think it is time that it should be settled one way or another. I feel all the more diffident about speaking on this motion because I am not a lawyer and the question is one which lawyers regard as their exclustive hunting ground. Perhaps I should not say anything on the subject.

My sole object is to protect, if possible, the rights of the poor man and to take away from wealthy corporations and very rich persons the means of wearing out opponents who are not rich enough to follow them to the Judicial Committee of the Privy Council. I may say at once that twenty years ago, when I brought up this matter, I heard of a very sad case in Montreal, of which I was told by Alexander Chase Casgrain, who was then a comparatively young lawyer and is now the Hon. Alexander Chase Casgrain, a Judge of the Superior Court. A man working for a company had been killed, leaving behind him in an absolutely penniless condition a widow and a number of children. Although there was no prospect that any fees could be paid by the widow, her case

was taken by a young lawyer, who perhaps was trying to become well known. He approached Mr. Casgrain, who out of kindness and charity agreed to act as counsel. The case ran the gamut of all the courts in Canada. In those days any action for $2,000 or more could be taken to the Privy Council; so after the company had lost out in Canada it said, "Very well, we shall appeal to the Privy Council." The costs on such an appeal would be very heavy. If I remember rightly, Mr. Eugène Lafleur told me they would be at least five or six thousand dollars. That was twenty years ago, and they must have risen considerably in the meantime.

I felt I had a serious grievance, but I did not know what I, a member of this House, could do to change the situation, for I was aware that the provincial legislatures alone had the power to prescribe the conditions under which appeals might be made from the provincial courts. Then the rather clever thought occurred to me, that since we had a Supreme Court I could hang my motion on it and ventilate my grievance. I did so, and had some success, for at the very next session of the Quebec Legislature a law was passed that no judgment could be appealed before the Privy Council unless the action involved at least $12,000, instead of $2,000, as the minimum had been up to that time. If the minimum had been $12,000 when the poor widow's action was instituted she would have won her case. As it was, she had to accept a compromise and take what the company was willing to pay her. That was the incident which started me on this—

Hon. Mr. DANDURAND: Errand.

Hon. Mr. CASGRAIN: Yes, on this errand. The Act creating the Supreme Court of Canada was called "An Act to establish a Supreme Court, and a Court of Exchequer'—all in one. This was in 1875, sixty-one years ago. Long ago as that may seem, I was then in Ottawa. I was at the time a young man of nineteen years, and a translator, though a poor one, in the House of Commons. My father happened to be the member for L'Islet, and he presided over the Committee of the Whole. There was no Deputy Speaker in those days. As we were living together in the same house in Ottawa, I naturally heard a great deal about what was going on. When one is only nineteen one's mind is receptive, and what is heard at such an early age makes a much more lasting impression than things heard in later life. I am getting near the stage at which my dear old friend Sir Mackenzie Bowell was when he could give details of incidents that had occurred while he was a young man. I remember clearly that the intention in creating the Supreme Court was to restrict appeals to the Judicial Committee of the Privy Council. I knew the principal persons connected with that legislation and heard them explain its object. It was to let the people of this country interpret, if possible, their own laws.

Article 101 of the British North America Act provided that a general court of appeal for Canada should be established. At that time no objection was taken to the creation of this court, not even by the province of Quebec, from which objections came later. At session after session of the Parliament of Canada the Speech from the Throne almost invariably foreshadowed legislation to establish a court of appeal for the whole of Canada. Nothing was done, however, until 1873, when the late Sir John A. Macdonald actually drafted a Bill creating a Supreme Court. But we all remember what happened in that memorable session. Please do not think I want to bring politics into this discussion, but it is necessary to tell the story so that honourable members may breathe the atmosphere that existed then. As we all know, in 1873 the Pacific Scandal arose out of charges made by the Hon. Lucius Seth Huntingdon and the revelations of a man named McMullen. A big stir was created throughout the country, and a royal commission of inquiry was appointed. The House was adjourned until August, and when it reassembled that month Parliament was immediately prorogued. There was a protest, and I remember that the late Hon. Joseph Cauchon wanted to proceed, notwithstanding prorogation. However, Parliament stood prorogued until November, and then the Administration of Sir John A. Macdonald resigned without waiting for a vote. Hon. Alexander Mackenzie was called upon to form a Government. The election was held in February, 1874, and his Government was returned by a very large majority, especially from Ontario. The province of Quebec was so Conservative in those days that the Conservatives had a majority of one or two, although they did not put up a fight in that province. My own father was re-elected by acclamation in the county of L'Islet, where the elections were sometimes very close. On one occasion he was beaten by five votes, and on another by two votes.

Only routine business was done at the session of 1874, but at the next session the Bill to create a Supreme Court was introduced by the then Minister of Justice, the Hon. Telesphore Fournier. His Bill followed

closely the lines of Sir John A. Macdonald's draft. Mr. Fournier had succeeded the late Sir Antoine Aimé Dorion, who had been Minister of Justice in the Mackenzie Administration for only a few months and had become Chief Justice of the Court of Appeals in Quebec. When introducing the measure, Mr. Fournier made a short speech in which he admitted having used a great deal of the draft Bill that had been prepared by Sir John A. Macdonald, and he contended that the matter was not a party question. Sir John A. Macdonald, as Leader of the Opposition, commended the Minister of Justice for the introduction of this measure and said he was very glad that some of the labour he had put upon the Bill was being made effective. He urged every member of the House to try to make the measure as nearly perfect as possible.

Everything went on harmoniously until the second reading, when there were heard a great many objections, coming mostly from the province of Quebec. The member for Montmagny, Mr. Taschereau, who was afterwards Chief Justice Sir Henri Taschereau of the Court of Appeals of Quebec, took strong exception to the measure on the ground that cases of civil rights, tenure of land, servitude, and so on, should not be placed under the jurisdiction of this Court of Appeal. He feared some of the judges might not be familiar with the law of Quebec relating to these particular matters. The Hon. David Mills, who was known as the Sage of Bothwell, and who is remembered by many honourable senators—he introduced me to the Speaker when I first came to this House—opposed the measure on constitutional grounds. It is remarkable what can be said on constitutional grounds! Several other gentlemen spoke against giving this court jurisdiction in matters arising under local laws.

However, the Minister of Justice thought that before long no appeal would lie from the courts of Canada to the Judicial Committee of the Privy Council. The measure, which was entitled, "The Supreme and Exchequer Court Act," was assented to on the 8th of April, 1875.

Article 101 of the British North America Act, to which I have referred, reads:

> The Parliament of Canada may, notwithstanding anything in this Act, from time to time provide for the constitution, maintenance and organization of a general court of appeal for Canada, and for the establishment of any additional courts for the better administration of the laws of Canada.

This wording gave to the able lawyers who were then in Parliament no end of ground for argument. It was held by many that "for the better administration of the laws of Canada" meant the laws of Canada only—federal statutes. Others, with equal force, among them the Minister of Justice at the time, argued that the words "notwithstanding anything in this Act" overrode everything, and that this court of appeal should be competent to hear cases from all the provinces. The Minister of Justice said that while there were very strong reasons for maintaining the appeal to the Privy Council, there were stronger reasons for doing away with it.

It should be borne in mind that appeal to the Judicial Committee of the Privy Council has nothing whatever to do with the inherent and absolute right of any British subject to lay his complaint, his grievance, or his petition, at the foot of the Throne. I myself at one time exercised the privilege of the right of appeal at the foot of the Throne. It was a case in which foreign bondholders were interested. They were of opinion that they were being mulcted by the Government of Quebec. The Hon. Mr. Duffy was Provincial Treasurer and the Hon. Maurice Archambault, Attorney-General. The Hon. T. Chase Casgrain thought the bondholders had a case. He had made application to the Quebec Government for a petition of right, but the Government refused, and persisted in its refusal. As I believed there could be no wrong without redress, I communicated with the then Lieutenant-Governor of the province, Sir Louis Jetté. I asked him for an interview, which he very graciously granted me. I said to him: "I understand it is the inalienable right of a British subject to lay his petition at the foot of the Throne. I do not ask you for a reply, but I do ask you to listen to me—to hear my petition." He did; and notwithstanding that the Prime Minister, his Treasurer and his Attorney-General had refused to act, my petition of right was granted within forty-eight hours. I may add that it did not do the bondholders any good, for after spending a good deal of money they lost their case; but they had the satisfaction of trying their best to win.

The Judicial Committee of the Privy Council is a committee or branch of the House of Lords. In olden times the House of Lords made it a separate committee with jurisdiction over questions arising in Normandy and Brittany—those parts of France then under the control of England. It was a sort of court to accommodate what was then a dominion, not over the sea, but over the channel. Later on the Judicial Committee heard cases from the plantations, because it was held that, there being no good local judges, it was only right that the people

interested should be allowed to appeal from the local judgments. Afterwards the right of appeal was allowed to the Channel Islands, and finally to the colonies.

The Hon. Mr. Laflamme, the member for Jacques Cartier in the House, succeeded the Hon. Telesphore Fournier as Minister of Justice. The Hon. Mr. Laflamme was of opinion that our own courts were much better qualified to administer justice to the people of this country than was the Privy Council. He held that the Lords of the Judicial Committee of the Privy Council had not only to know French law, but also Spanish, Dutch, and Hindoo law, and so could not be as well qualified as our judges, who were well versed in the laws of Canada alone.

But there was an objection, based on the sentiment of loyalty. We were told that if we did not allow appeals to England the tie with the Mother Country would be weakened. But I claim that the tie is just as strong to-day as it was at that time; in fact stronger. We all remember that when England was fighting Egypt, and the British Government wanted to raise a corps of Canadian river men to operate the Nile boats, Sir John A. Macdonald said, "Not a dollar, not a man." I challenge any honourable senator to contradict that statement. Is it conceivable that any Prime Minister of Canada would say that to-day? I recall the memorable occasion when the right honourable gentleman who leads the Opposition in this House (Right Hon. Mr. Meighen) said that to any request from the British Government for military assistance Canada's answer should be "Ready, aye ready." He did not say, "Not a dollar, not a man."

Right Hon. Mr. MEIGHEN: Has the honourable gentleman the context?

Hon. Mr. CASGRAIN: I think I have proven to the satisfaction of this House that we are just as loyal now as we have always been.

When we appeal as colonies, we appear not before the House of Lords, but before the Judicial Committee, a branch of the House of Lords.

As I have said, we were told that if we did not allow appeals to England the tie with the Mother Country would be weakened. It is a queer thing that the tie which binds us to the Mother Country should be a question of money. In Ontario you have limited the right of appeal to the Privy Council to cases involving $4,000. I am told that the minimum is now $5,000. In the province of Quebec for many years the amount was limited to $2,000; now it is $12,000. There is one good thing I did: I raised the ante that much. Why should a man in Quebec be threatened by a wealthy corporation or a rich man with an appeal to the Privy Council if the amount is just over $12,000—

Hon. Mr. DANDURAND: Or in Ontario for that matter.

Hon. Mr. CASGRAIN: Yes, —when the same corporation or rich man could not take a similar case from the Ontario or Quebec courts to the Privy Council unless the amount involved exceeded $5,000? I ask honourable senators how it happens that such an injustice was allowed to go on from year to year for I do not know how long. If I receive a satisfactory explanation of that I shall be content.

I understand perfectly that in order to make our Supreme Court a court of last resort the consent of the provinces would have to be obtained. Of course, a suitor in a provincial court is not obliged to go to the Supreme Court of Canada at all; he can appeal directly to the Privy Council. But if the Supreme Court were made a court of last resort, it would be up to the provinces to accept the jurisdiction of that court as final. I am merely giving the opinion of eminent lawyers who have looked into the question when I say that the provinces would have to consent before the right of appeal to the Judicial Committee of the Privy Council could be touched.

I have said just now that the inalienable right of any British subject to lay his complaint at the foot of the Throne is one which can not be affected by the abolition of the right of appeal to the Judicial Committee of the Privy Council. I have given an instance of what took place when I made my appeal at the foot of the Throne. Honourable senators will see that there is no analogy between that and an appeal to the Judicial Committee of the Privy Council. To say, therefore, that making the judgment of our Supreme Court final would tend to weaken the tie between this country and the Motherland, is, to put it mildly, absolutely incorrect.

I find also that there is one way by which the province could considerably restrict appeals. During the twenty-five years prior to 1875, when the Supreme Court was created, there were, according to the information available to me, not more than eight or ten cases taken from Ontario and Quebec to the Judicial Committee of the Privy Council. During the same period there were scarcely any appeals from New Brunswick and Nova Scotia.

Of course, the courts of the provinces might restrict appeals in a very simple way—by

raising the limit required for appeal to the Privy Council. The Hon. Edward Blake said the province could increase the limit to $20,000 or $100,000.

I am afraid, honourable senators, that this is a rather long dissertation on a very threadbare subject. Nevertheless I think it is my duty to demonstrate to you that the Supreme Court of Canada was to be a court of last resort. In order to show the intention of those who passed the Supreme Court Act, may I refer to the motion of the Hon. Rudolph Laflamme, who afterwards became Minister of Justice? This motion, which was carried, read in part:

As the Supreme Court of Canada was intended to serve as a substitute—

Mark that word. When you adopt a substitute you have no more use for the original.

—as a substitute for the Judicial Committee of the Privy Council, appeals should not lie for less than $2,000 in the province of Quebec.

As I may have said, I am proud of the fact that twenty years ago, after I had brought this matter before the House and had drawn attention to the disproportion between the amount sued for and the cost of securing it in the courts, the Quebec Legislature at its very next session raised the figure from $2,000 to $12,000—an increase of 600 per cent; and, as lawyers know, an accident suit rarely involves a larger sum.

My object in raising this discussion was to try to protect the poor, because—I want to repeat it—even though the widow and children of a poor man who had been killed had found some charitable lawyer to carry their case through the courts of our own country, they encountered insurmountable difficulty in having it carried any further. It is said that corporations have no soul. Perhaps that is right. Yet we must remember that corporations have to protect their shareholders, and they would be blamed if they paid out money too readily, without going to the last court available to them.

Now, I have an opinion of Mr. Eugène Lafleur. He says, first, that there is no right of appeal from the Supreme Court of Canada. You can appeal only by grace. That is to say, the Supreme Court gives way and allows you to go to the Privy Council; if it did not there would be no redress. Furthermore, as Mr. Lafleur points out, it takes on an average two or three years to secure a judgment, during which time the money involved is held up and nobody can get any interest on it. As someone has said, this is very good for the rich, but not for the poor.

Strong objections were raised against the establishment of the Supreme Court. The Hon. David Mills, "the Sage of Bothwell," who was supposed to be a great constitutional authority, went so far as to say that if our local laws were to come under the jurisdiction of the Supreme Court we should have in this country not a federation, but a legislative union. He spoke very strongly against the creation of the court.

Another man who opposed the establishment of the court was Mr. Henri Taschereau, later Sir Henri Taschereau, who at that time was the member for the county of Montmagny. He afterwards became a Judge of the Superior Court, and still later Chief Justice. Mr. Taschereau was strongly opposed to the establishment of the Supreme Court because he thought it could not possibly master the laws of all the different provinces—and there were not so many then as there are now—and because he believed that every province should have a court of final resort in which litigants could secure satisfaction.

I have here a long essay read before the Royal Society this year by the honourable ex-Judge Mignault, who in 1932 had read an essay on the same subject. In the document before me, consisting of thirty-seven closely typewritten pages, all of which I have waded through, he says he is absolutely opposed to Canadian cases being decided in a country far distant from us.

Most of us are familiar with Bryce's American Commonwealth. We know that in the United States every one of the states is supreme and that they delegated certain powers to the Federal Government. That is just the reverse of what was done in Canada. Here the provinces gave the bulk of the powers to the central government, as will be seen from sections 91 and 92 of the British North America Act. So there is no analogy between what took place in the United States and what took place here.

Another very strong objection was raised by one who took a prominent part in the debate: Mr. Irving—Mr. Henry Irving, if I remember rightly—who was for a long time Attorney-General of the province of Quebec. He did not want litigants to be free to go to either the Supreme Court or the Privy Council; he thought they should elect to go to one court or the other. He went on to say that a suitor should not be able to keep the opposite side in a state of uncertainty, and that the right of appeal to the Privy Council might be used as a kind of blackmail against a man who could not afford the enormous cost of sending his lawyer across the ocean. The Hon. Alderic Ouimet, afterwards Minister of Public Works in the Conservative Government, said he would be very

glad if appeals to the Privy Council were abolished.

I have here a letter from a gentleman who was considered one of the best lawyers in the country. Not only had he no superior in Canada, so far as I know, but his reputation was well known in other countries. That is evidenced by the fact that just before the war in Mexico he was selected, as a jurist of repute, to define the international boundary between the United States and Mexico. This work had just started when the disturbed state of Mexico interfered with the operations of the commission. I refer to the late Eugène Lafleur, K.C. The letter which I have here was addressed by him to J. E. Martin, K.C., who was then the Bâtonnier—which means the President—of the Bar of Montreal. Before he died he became Chief Justice of the Court of Appeals in Quebec. The letter is long and I do not want to weary the House with it at this late hour, but I ask permission to place it upon Hansard so that honourable members who have a legal training may read the exact words.

Mr. Martin had written Mr. Lafleur, asking a series of questions, among which was this one:

> Should His Majesty's Privy Council be invited to limit leave to appeal from judgments of the Supreme Court of Canada to constitutional questions, the validity of federal statutes, and references made by Order in Council or by either branch of Parliament?

I read that part of the letter simply to draw the attention of the House to this constitutional question. I always have believed and I always shall believe that for deciding constitutional questions, which very often affect matters of race and religion, it is better to have an umpire who does not live in this country, who does not breathe our atmosphere. Of course we can always have as many debates as we want on constitutional questions here. I am afraid that if it were not for constitutional questions the lawyers would not be able to make as long speeches as they sometimes do.

Now, with the permission of the House, I will place upon Hansard the letter to which I have referred.

Montreal, April 14, 1914.

J. E. Martin, Esq., K.C.
Bâtonnier,
Montreal.

My Dear Bâtonnier:

I duly received your letter of the 26th March requesting my views upon the following questions:

1. Should the jurisdiction of the Supreme Court of Canada be altered:

(a) as regards the validity of any Acts of the legislature of the province;

(b) as regards municipal by-laws or other proceedings and as regards civil and commercial matters other than that arising from a federal statute?

2. Should the amount in dispute to permit the appeal be increased, and, if so, to what amount; and should it be made applicable to sums of money payable to His Majesty, to title to lands or tenements and to servitude and other real rights?

3. Should His Majesty's Privy Council be invited to limit leave to appeal from judgments of the Supreme Court of Canada to constitutional questions, the validity of federal statutes, and references made by Order in Council or by either branch of Parliament?

I beg to submit my answers to the above questions in the order in which they are propounded in your letter:

1. (a) It appears to me to be impossible to restrict the jurisdiction of the Supreme Court of Canada as regards the validity of any acts of the legislature of the province without introducing hopeless confusion in appeals on constitutional questions. In most cases in which these questions are submitted the constitutionality of federal enactments is inseparably bound up with the constitutionality of provincial enactments, and the construction of section 91 of the British North America Act nearly always involves a consideration and determination of the meaning of section 92 of the same Act. To limit the jurisdiction of the Supreme Court in this respect would mean in most constitutional cases that a judgment could be obtained only on a part of the case, and that recourse must be had to another tribunal for the complete disposition of the whole question at issue.

1. (b) As regards municipal by-laws I am disposed to think that the present jurisdiction might be made clearer by re-enactment of the sections dealing with this subject-matter. It may be desirable that in most municipal cases multiplicity of appeals should be discouraged and that the decision of our Court of Appeal should be final, but there may be cases in which power should be given to the Supreme Court to give special leave to appeal.

As regards civil and commercial matters other than those arising from a federal statute the same difficulty presents itself as in the case of restricting the jurisdiction to the constitutionality of federal laws. Such a distinction will necessarily involve an incomplete decision in many instances where questions arising under federal statute are intermingled with questions arising under the civil law. Moreover, it seems undesirable on principle to limit the jurisdiction of the Supreme Court of Canada as a general court of appeal in civil as well as in federal matters, in view of the long course of decisions which have been rendered by that court and of the conspicuous services which such a general court of appeal renders to the jurisprudence of the country. The inconveniences arising from a restricted jurisdiction in this regard have been felt in the United States and I have not heard any sound or serious objections advanced to the system which was evidently contemplated by the framers of the British North America Act.

2. Now that most of the provinces of the Dominion have Courts of Appeal it seems desirable that the amount in dispute required to permit the appeal should be made more uniform throughout the Dominion, and I am disposed to think that the present amount of

two thousand dollars in the province of Quebec might possibly be increased, inasmuch as there should always be a certain proportion between the amount involved and the possible costs incurred. In this connection I am also of opinion that instead of adopting the arbitrary rule of looking at the amount which is claimed in the action it would be preferable to have regard to the actual amount in controversy in so far as it affects the party appealing.

With respect to sums of money payable to His Majesty, to title to lands or tenements and to servitude and other real rights, I see no reason to distinguish these from ordinary cases where a certain amount is required to give the court jurisdiction.

3. The question as to the advisability of restricting the appeal to the Judicial Committee is more fundamental. Without in the least overlooking the great services which that board has rendered to our jurisprudence, it is necessary at the outset to consider whether, in view of the progressive development of the autonomy of the Dominion such an institution is destined to be permanent or whether it is merely transitory. While it is normal in the case of a Crown colony, its persistence seems scarcely compatible with the legitimate evolution of a self-governing dominion. Although theoretically the Imperial Parliament still possesses supreme legislative authority over Canada, in practice it is quite unthinkable that any legislation affecting us should be passed by the Imperial Parliament against our wishes. This being so, it must be regarded as an anomaly that Canada should enjoy the most complete independence in making its laws but that it should not have the same unrestricted freedom to interpret those laws. In other words, the suggestion is that while Canadian statesmen and legislators can be trusted to enact the laws Canadian judges cannot be relied upon to interpret or apply them.

The reason usually advanced in favour of maintaining the appeal to the Privy Council is that it secures a decision from a tribunal which is free from local prepossessions and from political, religious or racial prejudices. Such a humiliating confession has never been made, so far as I am aware, by any autonomous colony or state and implies less confidence in the judiciary than in the legislatures. It is no answer to say that our Government have too often made appointments to the bench on the ground of political services rendered, rather than on that of professional merit. This does not prove that competent men cannot be produced or secured to satisfy our requirements, but merely that proper means must be taken to attain this end instead of solving the difficulty by an admission of inferiority and an appeal for external assistance. And I venture to think that our governments will not feel their full responsibility in this respect until our courts are as supreme in their sphere as our legislatures are in theirs. Australia has carried the doctrine of autonomy to its legitimate conclusion in obtaining a restriction of the prerogative in regard to appeals to the Privy Council and limiting them to cases in which leave is given by its own Supreme Court, and this Supreme Court is admittedly at the present day a very strong one.

From the point of view of the private litigant the appeal to the Privy Council is an expensive remedy—all the more because there are few cases in which Canadian counsel are not sent over to London even on applications for special leave. This means that from $2,500 to $3,000 of expenses may be incurred on a petition for leave, and from $4,000 to $5,000 for the hearing on the merits. In a case from the province of Quebec there may already have been an appeal to the Court of Review, another to the Court of Appeal, and still another to the Supreme Court, before special leave has been applied for.

For these reasons I am disposed to think that the time has probably come when a limitation of the prerogative right should be seriously considered. Whether we should go in this direction so far as Australia has gone is a matter for discussion, but I feel very strongly that the authority and usefulness of our own Supreme Court would be enormously enhanced if it were in reality what it was intended to become—a final Court of Appeal for Canada.

Yours truly,

(Signed) E. Lafleur.

That is the opinion of Mr. Eugène Lafleur. I am sure that those who knew him will admit that though as an authority he may have had some equals, he certainly had no superior in this country.

May I now refer to what Australia has done? Honourable members will recall that in 1900 Australia was made a commonwealth. In one respect that country's Constitution followed the lines of the American Constitution and went in the opposite direction from ours, for the various states delegated certain powers to the central government. The right to appeal from the High Court of the Commonwealth of Australia, which corresponds to our Supreme Court of Canada, is regulated by section 74 of the Commonwealth Constitution Act, passed by the Imperial Parliament, 63 and 74 Victoria, Chapter 12, which is as follows:

No appeal—

Mark you, honourable senators, "no appeal."

—shall be permitted to the Queen in Council—

That means the Judicial Committee of the Privy Council.

—from a decision of the High Court upon any question, however arising, as to the limits inter se of the constitutional powers of the Commonwealth and those of any state or states, or as to the limits inter se of the constitutional powers of any two or more states, unless the High Court shall certify that the question is one which ought to be determined by Her Majesty in Council.

The High Court may so certify if satisfied that for any special reason the certificate should be granted, and thereupon an appeal shall lie to Her Majesty in Council on the question without further leave.

Honourable members will see that the people of Australia do not wish the Judicial Committee of the Privy Council to interfere with special constitutional cases. The Australians want to make their own interpretation of their own Constitution. As far as constitutional cases in this country are concerned, we

know that a private bill presented in the House of Commons or the Senate may be referred to the Supreme Court of Canada for a finding as to whether it is constitutional or not. I do not think such references are often made, but we possess the right to make them. In such cases the finding of the Supreme Court is considered simply as a matter of advice and is not binding in any way. Well, if it is only a bit of information, an opinion, that we get from the Supreme Court, I do not see why, especially when we are not satisfied with that opinion, we should not get the view of some body across the water. The question of cost does not arise, for in constitutional cases there is always plenty of money: it is the public at large that pays, and the expense is in proportion to the value of services rendered.

There is a point that will be made by one who, I am sorry to say, does not agree with me on this subject, the distinguished senator from North York (Hon. Sir Allen Aylesworth). He thinks that the right of appeal to the Privy Council is the very last tie binding us to the Empire. I believe I am as good an Imperialist as he is, and I still dream of the day when there will be an Imperial Parliament. When we have an Imperial Parliament we shall be citizens of the Empire. If a foreign nation were to declare war upon England to-day, what would our position be? Are we members of the British Empire or are we not? If we are, let us not act like children by thinking that we should be able to say that we were neutral. What would belligerent aggressors say about that? They would ask us, "Who said you were neutral?" We might reply, "The Prime Minister of Canada told us that." But the enemy would say: "We do not care about him. If you refuse to fight, we shall have no hesitation in taking your fine country." And if we did not choose to fight, the enemy would come in and take possession. After that we should no longer be a part of the British Empire, which has been developing during the whole of my lifetime. What was the British Empire in 1856? There were the British Isles and Canada. As to Australia, there were not many people living there, and in New Zealand the Maoris were in the great majority. The British were not even in possession of South Africa. The Indian Mutiny had not then occurred, and the East India Company was still in business.

Much of what I have said so far was contained in the first speech I made on this subject. If any honourable members are interested in it further they may refer to the Senate Hansard of 1916. The discussion lasted from the 6th of April to the 16th of May, when I closed the debate, and many able speeches were made for and against my motion. After my first speech I was sent for by the then Chief Justice, Sir Charles Fitzpatrick, who said he thought I had been helped in the preparation of my material by two of his colleagues. He said, "Anglin and Duff have assisted you." I thought that was a compliment, and I was much pleased; but I assured him that though I might have had conversation with his colleagues, perhaps when walking on the street, I had not even made a note of their views, and that my speech was entirely my own. Then he told me that I was all wrong, and he said, "I have got the real thing, Joe, and I will give it to you." I was fortunate enough to have had placed in my hands certain documents of which, I understand, there is perhaps no other copy to be found in this country. I call the special attention of the distinguished senator from North York (Hon. Sir Allen Aylesworth) to them and tell him that he may have possession of them before he answers me.

Because of my having studied these documents it may be of interest to the House to listen to the few additional remarks I have to make as to the wisdom of restricting, if not abolishing entirely, further appeals to the Judicial Committee of the Privy Council. It may not be generally known to all honourable members that the passage by the House of Commons, in 1875, of the Supreme and Exchequer Court Act created a great deal of discussion. The Earl of Dufferin, the then Governor General—I believe we never had a better one—actually referred the Bill to the home authorities to inquire whether Her Majesty would be advised to disallow it entirely—all on account of the famous clause No. 47, creating a general court of appeal for Canada whose judgments should be final. It is that correspondence between Earl Dufferin and the Earl of Carnarvon, who was then Colonial Secretary, and the Hon. Edward Blake, then Minister of Justice, which I have been fortunate enough to read. I should like to be permitted to give a few extracts to show how clearly it was the intention of the Government that the judgment of the Supreme Court of Canada should be final. This court was established primarily in order to render perfect justice to suitors in Canada, and thus save them the very heavy expense of sending counsel across the water to plead before a court whose members, while men of undoubted juridical ability, were not always familiar with the conditions in this country.

Honourable senators will observe the words "when unanimous" in my motion. As you

are probably aware, judgments of the Judicial Committee of the Privy Council are declared to be unanimous, when as a matter of fact all the law lords may not be of the same opinion. This quality of unanimity enhances the authority of their decisions. The same practice, I may say, has been followed to a considerable extent in our Supreme Court.

Later on I shall refer to a letter from a very distinguished lawyer of Montreal, Mr. C. S. Campbell, K.C., son of the late Sir Alexander Campbell, at one time leader of the Senate, and ask permission to place it on Hansard. It shows very clearly what he thinks of the matter and also of the position I have taken.

My motion is qualified by the words, "except in constitutional cases." I may say that when I first presented a similar motion I amended it in order to placate the people of my own province, because then—I am speaking of twenty years ago—the great majority of cases going to the Privy Council in the previous year had been from Quebec. When the Supreme Court was established the best lawyers of the province of Quebec had no confidence in the court. I know of one famous lawyer, Mr. Bossé—afterwards a judge—who when taking a brief in a very important case, said: "Well, I will take your case, but, remember, if we lose in appeal, or if it has to go beyond the Court of Appeal of the province of Quebec, I shall not take it to the Supreme Court of Canada; I shall take it to the Privy Council. I am willing to accept the brief on this condition, but not otherwise."

I happened to be in Philadelphia in 1876 when the judges of the Supreme Court of the United States held that Hayes had been elected to the presidency. In those days the court divided on party lines, and I think it is generally admitted to-day that the decision should have been in favour of Tilden.

Hon. Mr. Mignault, a former member of our Supreme Court, who had to retire for no reason except that he had attained the age of seventy-five years, told me that when a judgment was not really unanimous it appeared to be so, for it would be delivered by one of the judges who favoured it, while those who disagreed would remain silent. This apparent unanimity gave a certain degree of finality, whereas if one or two judges had expressed their dissent a dissatisfied appellant might be encouraged to carry his appeal to the Privy Council. Therefore I strongly believe that the judgments of our court of last resort should be unanimous.

When, twenty years ago, I first dealt with this subject the Speaker of this House was the Hon. Philippe Landry. He had once proposed in the Commons that the court should be abolished entirely.

At the same session of Parliament, Mr. Girouard, then member for Jacques Cartier, and afterwards a judge of the Supreme Court, presented in the Commons a bill providing that in all cases which were of an absolutely provincial character, that is, between two persons of the same province, the judgment of the Court of Appeal of the province should be final; but, of course, a case between a suitor in one province and another suitor in another province, or between one province and the central government, might go to the Supreme Court. A similar practice prevails in the United States.

If we have been found worthy of seats in this House, we have been found worthy of discussing the various questions that come before us. There are many reasons why lawyers do not like to discuss these questions. The vast majority of lawyers have never had any case before the Judicial Committee of the Privy Council. They have never been asked to go across the water, and consequently they do not like to speak on this matter for fear perhaps of being told: "What do you know about it? You have never pleaded before the Committee of the Privy Council." Then there are lawyers who have not been fortunate before the Privy Council. They have lost their cases, and they say, "If we speak about restricting appeals people will think it is on account of spite or resentment, because we have not been well treated." Still other lawyers have been before the Privy Council often, and as they have received handsome fees, people may say to them: "Of course you are in favour of keeping up the system. It is a good system; it brings you in money." However, Mr. Aimé Geoffrion, a very able and distinguished lawyer, has said that it does not pay him to appear before the Privy Council; that he can make more money right here in our own courts. He is in favour of abolishing appeals to the Privy Council.

I have read only one letter with regard to restricting the appeals. That letter was from the late Eugène Lafleur, K.C., of Montreal, who was certainly one of our best lawyers. He went to England very often to plead before the Privy Council. He was in favour of the proposition. Before I am through I shall read letters from Mr. Campbell and Mr. Geoffrion. They have both had large experience before the Judicial Committee of the Privy Council, and are also in favour of restricting appeals.

I have before me a memorandum from the Hon. Edward Blake, dated 6th October, 1875. I have also taken communication of Mr.

Blake's speech in Commons Hansard on the Bill to establish a Supreme and an Exchequer Court. He delivered in the British House of Commons a remarkable speech—I commend it to honourable members—on the Australian Court Bill. It will be found in the British Commons Hansard of May 21, 1900. On that occasion Mr. Blake drew a parallel between the Constitution of this country and the Constitution of Australia, adopted thirty-three years after our Confederation. After all, that is only a small space of time in the life of a nation. The Australian legislation shows the wonderful strides that democracy had made from 1867 to 1900. The Australian Commonwealth Bill is much broader and grants a fuller measure of autonomy than the Constitution that now governs this country. Of course, since the Statute of Westminster we are almost independent. The various states of the Australian confederacy have reserved all their powers except those delegated specially by them to the Government of the Commonwealth of Australia. That Constitution had been prepared by the Australian people themselves, and when it came before the Imperial Parliament the very clause which is the burden of my present remarks, on the question whether there should be an appeal from the Supreme Court of Australia to the Judicial Committee of the Privy Council, was in dispute. The Bill was about to be withdrawn when a compromise was effected and the measure became law. Mr. Blake in speaking on this subject on that occasion used these words in order to depict the nature of the Constitution of the Commonwealth of Australia:

> This creature (the Commonwealth of Australia) has not been conceived in the womb of the Mother of Parliaments.

It was the fruit of free men in another confederation, giving them much larger autonomy than had been granted to Canada.

Now, Mr. Blake, in the memorandum which was communicated to the Home Government in 1875, said:

> Sir, you inform me that some difficulty is felt by the Colonial Secretary with reference to the constitutional right of Parliament to pass the 47th clause of the Act to establish the Supreme Court of Canada, and that he is about to submit the questions to the law officers of the Crown with a view to considering whether the Act should be disallowed, and you request me to report to you confidentially upon the subject.

That memorandum was addressed to the then Governor Lord Dufferin, and I quote only a few passages here and there. After arguing that the Bill was within the rights of Canada Mr. Blake said something which I wish to draw to the special attention of the distinguished senator from North York (Hon. Sir Allen Aylesworth). Probably he will get the whole memorandum. I may say that when Mr. Blake pleaded a case he covered the whole ground. It is said that he was not very popular in the British House of Commons, because he was prone to explain at length every detail of the question to which he was addressing himself. This is the passage:

> It is therefore abundantly manifest that for a great number of years the provincial legislatures have, without remonstrance, exercised the power of determining that the judgment of the provincial courts shall be final in all those cases (comprising the large majority of the whole number of cases tried) in which they thought it was for the public advantage that there should be no appeal beyond the provincial courts.

Mr. Blake adds:

> If the law, as expounded by any court, however high, did not meet the public exigencies, the provincial legislature altered the law in order to remedy the defect, and what the provincial legislature could itself legislatively expound without appeal, it had the right to declare should be by its own courts judicially expounded without appeal.

I give as evidence of that the famous case of Canadian Pacific Railway vs. Roy. Roy, a farmer, had his barns burned by a spark from a locomotive of the Canadian Pacific Railway. The case was won by the farmer in Canada, but lost in the Privy Council in England. What was the consequence? At the very next session of the Quebec Legislature the law was amended in order to provide that in future decisions of that nature should not be reversed by the Judicial Committee of the Privy Council.

Hon. Mr. McMEANS: I suggest that the honourable gentleman adjourn the debate.

Hon. Mr. DANDURAND: Perhaps if my honourable friend is not tired he might prefer to continue. He may not have another chance to finish his speech.

Hon. Mr. McMEANS: Why should the honourable leader of the Government say that the honourable senator from De Lanaudière may never get another opportunity to complete his speech? There may be a long debate, for several honourable members would like to discuss the subject-matter.

Hon. Mr. DANDURAND: That may be, but honourable members may be very happy to have the speech in Hansard so that they may have ample opportunity to peruse it before they take part in the debate.

Hon. Mr. McMEANS: Honourable members, I move the adjournment of the House.

Hon. Mr. DANDURAND: My honourable friend has no right to stop a speaker while he has the floor.

Hon. Mr. CASGRAIN: I am at the disposal of the House. I have a great deal more to say on this subject. As you know, this may be my swan song. However, I am quite willing—

Hon. Mr. DANDURAND: I would suggest to my honourable friend that when he comes to citations he give us the purport of them and place them on Hansard without reading.

Hon. Mr. BEAUBIEN: I do not think anybody knows better than our honourable friend (Hon. Mr. Casgrain) how much longer he intends to entertain the House on this subject. The subject is a very important one, but to keep us here for an hour or so and then begin a discussion would not advance it very much. Probably it would be better for him to adjourn the debate.

Hon. Mr. CASGRAIN: This is Monday. I move that the debate be adjourned till Wednesday next.

The debate was adjourned.

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

THE SENATE

Tuesday, June 9, 1936

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

Prayers and routine proceedings.

WATER CARRIAGE OF GOODS BILL

THIRD READING

Bill 68, an Act respecting the carriage of goods by water.—Hon. Mr. Dandurand.

SPECIAL WAR REVENUE BILL

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 76, an Act to amend the Special War Revenue Act.

Hon. Mr. Murdock in the Chair.

Hon. Mr. DANDURAND: I would ask that Mr. Sim, Commissioner of Excise, and his assistant, Mr. Nauman, come to the floor.

Section 1 was agreed to.

On section 2—stock transfer tax:

Right Hon. Mr. MEIGHEN: Mr. Chairman, in this section, which is the important one, Part VII of the Act is repealed and there is substituted what appears on page 2 of the Bill. I call attention to the fact that this change brings about, among other things, a higher tax on the transfer of stock, and by a subsequent section—I can hardly put my finger on it at the moment, but the clerks in front of the Minister will have it at once—the increased assessment on transfers is made retroactive.

Hon. Mr. DANDURAND: I am told it is retroactive only to the date of the budget.

Right Hon. Mr. MEIGHEN: Yes; I know. But that is very serious. There is no difficulty about making a sales tax retroactive, for impositions are made as soon as it is announced; but with a transfer tax the case is different. The trust companies up to now have been imposing the transfer tax in accordance with the existing law. What position are they going to be in if for the period from May 2 to now, after they have delivered their new certificates, they are to be liable, under this retroactive provision, for further sums in respect of transfers which they were not licensed to tax? I think the Bill will have to be so worded that the retroactive feature will not apply to stock transfers. With respect to customs duty and sales tax there is, I presume, a general law governing the date when they shall take effect, but it is pointed out to me that, as I have said, stock transfer taxes are in a different category. Up to the present time companies have had no power to alter transfer taxes, and now, the certificates being out of their hands, they are in no position to charge more. The amount involved would be very small, and it is not worth while to complicate the whole position of the trust companies in order to try to make this feature retroactive.

Hon. Mr. DANDURAND: I am told that but very few cases would be affected by this retroactive clause—

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: —and the Commissioner of Excise thinks the difficulty could be adjusted by administrative regulation.

Right Hon. Mr. MEIGHEN: If an arrangement can be made in that way it will be all right.

I have just received a letter from the Dominion Mortgage Investment Association.

in which they express serious alarm as to the effect this clause would have. They say:

On page 19, by section 18 of the Bill, you will see that section 2 of the Bill comes into effect on May 2, 1936. Therefore, strictly speaking, on all transfers of shares selling over $160 per share, the full tax has not been paid, because of the retroactive effect of this section, and transferors are liable for the increase.

I am concerned on behalf of the position of trust companies acting as stock transfer agents, and not objecting to the increase in the tax per se, but I do not think it is proper to give a retroactive effect to such a change without there having been some public announcement or notification to interested persons.

It seems to me that the intention of the Government in inserting section 18 was primarily for the purpose of applying the change in sales tax as of May 2, so as to prevent transactions which would otherwise be entered into for the purpose of evading the tax. The same reasoning does not apply to this change in stock transfer tax, and it looks to me like an oversight in the drafting of the Bill.

Hon. Mr. DANDURAND: I have asked the Commisisoner if there was any statement made or any inkling given in the budget speech which would be a warning to the parties affected. He says the fact was mentioned, but so indefinitely that he quite appreciates the point raised.

Right Hon. Mr. MEIGHEN: It could not be done.

Hon. Mr. DANDURAND: He says the matter will be attended to administratively.

Right Hon. Mr. MEIGHEN: All right.

Section 2 was agreed to.

Sections 3 to 7, inclusive, were agreed to.

On section 8—regulations; oaths and declarations:

Right Hon. Mr. MEIGHEN: This is a rather new principle, is it not? This would permit the Minister to authorize an office boy, messenger, or anyone else to administer oaths.

Hon. Mr. DANDURAND: The explanation I can give my right honourable friend is that certain declarations are required in connection with refund claims and the like, as well as on returns made by taxpayers. It has been held that the authority given in the Act was not broad enough to cover the different declarations required; consequently taxpayers have been put to the expense and inconvenience of having to make declarations before notaries public, commissioners of oaths, and so on. This subsection would enable departmental officers to administer such oaths and declarations where necessary.

Right Hon. Mr. MEIGHEN: I have no objection to the Minister being empowered to designate his departmental officers, but the section goes farther. It says:

Any person designated by the Minister may receive or administer any oath or declaration required by this Act, or by any regulation made thereunder.

That is, any person at all could be designated.

Hon. Mr. DANDURAND: I am told that in practice the Minister will name officers.

Right Hon. Mr. MEIGHEN: Should not the clause be changed to read, "Any officer of the department designated by the Minister," instead of "Any person designated by the Minister"?

Hon. Mr. DANDURAND: I am informed there is no special objection to altering the clause to that effect, but the uniform practice is to designate an officer.

Right Hon. Mr. MEIGHEN: Then provision should be made accordingly. The Minister could name a minor or a charwoman under this section.

The CHAIRMAN: Shall the subsection carry?

Right Hon. Mr. MEIGHEN: No. I am looking to see if I can find the word "officer" used elsewhere, so that the wording may be kept uniform.

Hon. Mr. DANDURAND: "Any officer" would mean an officer of the department.

Right Hon. Mr. MEIGHEN: I think the word "officer" should be substituted for the word "person" in line 20, and I would move to have that change made.

Hon. Mr. HARMER: Unless the word "officer" is defined, how could you distinguish between an officer and any other employee?

Right Hon. Mr. MEIGHEN: The word "officer" is used elsewhere, but I cannot put my hand on it at the moment.

The CHAIRMAN: Would it also be necessary to change the word "person" in line 23 to read "officer"?

Hon. Mr. DANDURAND: No.

Right Hon. Mr. MEIGHEN: The subsection should read:

Any officer designated by the Minister may receive or administer any oath or declaration required by this Act—

and so on.

Hon. Mr. DANDURAND: There is this objection to the change, as my right honourable friend will appreciate. In outlying parts

where there is no customs officer the postmaster is appointed to receive these declarations. Therefore it would perhaps be better to leave the subsection as it is. The practice of the department is to designate officers wherever possible.

Right Hon. Mr. MEIGHEN: We could change it to read "Any officer as described in section 116 of this Act." In that section, which appears on page 7 of the Bill, will be found a list of officers:

The Commissioner of Excise, the Assistant Commissioner of Excise, the Superintendent of Excise Tax Collections, the Chief Excise Tax Auditor, any Special Excise Tax Auditor, any Assistant Special Excise Tax Auditor, a Departmental Solicitor, or any other officer authorized by the Minister from time to time in that behalf.

Hon. Mr. DANDURAND: That would mean an officer in the department.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: I think it is better to leave to the department's discretion the designating of an outsider in an outlying district where there is no officer.

Right Hon. Mr. MEIGHEN: It is a pretty serious thing to enable a Minister to select anyone at all. That method simply prostitutes the whole duty of administering oaths. I take it that under this section the Minister could appoint a minor or child.

Hon. Mr. GORDON: I submit that the provision in the subsection is more reasonable than that proposed by my right honourable friend. In remote places there may be instances where considerable expense would be saved because it would be unnecessary to send an officer to receive an oath. I do not believe there is any reason to feel that a Minister would select an office boy, or any person of that description. He would choose some person in the locality who was capable of administering an oath.

Hon. Mr. DANDURAND: My right honourable friend thought that this subsection provided for a new practice, but it does not. He will observe that section 106 of the Act reads as follows:

Every person liable for taxes under Parts XI, XII and XIII of this Act and every manufacturer or producer licensed under section ninety-five thereof, and every wholesaler or jobber licensed under section ninety-six thereof, shall file each month a true return of his taxable sales for the last preceding month in accordance with regulations made by the Minister. The said return shall be verified by statutory declaration made by the person liable to pay the tax, his attorney or agent. The declaration required under this section may be made before any person designated by the Minister to receive the same and every such person shall, for the purposes of this section, have the powers of a commissioner for taking affidavits.

Right Hon. Mr. MEIGHEN: Yes, that appears to have been the practice already. It seems to me to be a pretty loose practice, though.

Hon. Mr. DANDURAND: I think a hardship would be created in some cases if only an officer could be designated. We had better leave the word "person" in.

Hon. Mr. QUINN: May I suggest that the word "fit" be inserted, so that it would read "Any fit person."

Hon. Mr. DANDURAND: The Minister will have the responsibility.

Right Hon. Mr. MEIGHEN: That the thing may be made to look right, we are told in the explanatory note that the Minister designates officers.

Section 8 was agreed to.

On section 9—monthly returns of taxable sales:

Hon. Mr. DANDURAND: No change.

Section 9 was agreed to.

Sections 10 and 11 were agreed to.

On section 12—action against officers in the exercise of their duties:

Hon. Mr. DANDURAND: The proposed new sections here are taken from the Excise Act and the Customs Act.

Section 12 was agreed to.

Sections 13 and 14 were agreed to.

On section 15—schedule II amended:

The CHAIRMAN: This paragraph at the bottom of page 10 appears to be new:

Provided that the tax hereby imposed shall not apply to the goods mentioned herein, when sold to or imported by manufacturers of automobiles or chassis for the original equipment of such automobiles or chassis under the following conditions:—

(i) If less than ten thousand automobiles or chassis are manufactured or produced per annum and at least fifty per centum of the factory cost of manufacturing or producing them, exclusive of duties and other taxes, is incurred in the British Empire;

(ii) If ten thousand automobiles or chassis or more are manufactured or produced per annum and at least sixty per centum of the

factory cost of manufacturing or producing them, exclusive of duties and other taxes, is incurred in the British Empire:

Provided, however, that effective April 1, 1938, the words "sixty-five" shall be substituted for the word "sixty" in this paragraph.

Right Hon. Mr. GRAHAM: Does that refer to the amount of Canadian labour and material in automobiles?

Right Hon. Mr. MEIGHEN: It must. As honourable senators know, this Bill appertains entirely to taxation, and consequently is not one peculiarly for discussion or amendment by this House. This particular clause has definitely to do with the same subject.

My purpose in rising is to emphasize the wisdom of advancing just as rapidly as we can this sixty per cent to a higher percentage. The policy we have followed has resulted in the establishment of a very large automobile industry in this country. There are perhaps some who think we have paid too high a price for it. Personally I do not think we have. On the surface it may appear so, but when one examines the situation thoroughly one very soon arrives at the contrary conclusion. The industries which depend upon our immense automobile plants are simply legion; they will be found all over the central part of Canada. Hardly a town in Ontario, and not many towns, I should think, in Quebec, are without plants whose output is in the main sold to the large automobile factories. The consequence of a long sustained policy, varied from time to time, but never very greatly, has been the expansion of the industrial fabric of this country. Automobiles are still to a considerable degree assembled rather than manufactured in the Dominion, but there are plants turning out automobiles in which the content of labour and material is almost wholly Canadian. It is right and proper that such plants should be given the benefit of legislation designed to meet their case, and that every inducement should be given to the others to get into the same stage of development.

While doubtless we pay for Canadian-made motor cars prices above the average paid in the country to the south, we get a great deal in return. I do not think anyone can complain of the price of motor-cars in the Dominion. Sometimes I think the price is too low and there are too many motor-cars on the roads, regard being had to the ability of our people to purchase. To-day you can buy a better motor-car than formerly, and at a quarter of the price current ten years ago. That fact in itself indicates a tremendous achievement. It is really difficult to comprehend how so much value can be obtained for the money. I know of no other sphere of manufacture wherein science and business efficiency have reached the stage they have attained in the automobile industry.

The course we are pursuing is being followed in other Dominions. It would be better for us perhaps if it were not, but there is no way in the world to prevent that from being done. Each country is putting higher and higher premiums upon a larger and larger percentage of domestic manufacture.

We have no reason to complain of the results we have achieved. They are marvellous. I do not know of anything that gives one more pride than to see the gigantic advance of this industry and the tremendous employment it affords. I emphasize again that the major portion of the benefit is in the subsidiary industries. If we had only one large plant in Eastern Ontario, another in central Ontario, one in Toronto, one or two in Montreal, possibly the price would be too great; but what we have is vastly beyond that, and its effects are to be found in almost every thriving town within the borders of industrial Canada.

Right Hon. Mr. GRAHAM: I agree almost, if not entirely, with what my right honourable friend has said. The manufacturing establishments in our smaller towns are their mainstay. Those manufacturing plants make contracts with the large automobile concerns for what are known as automobile parts, and these parts are many and varied.

This question came up at an economic conference which I attended some years ago. One of the charges we had to meet was that the automobiles we were sending to the Old Land were assembled rather than manufactured in Canada. We endeavoured at that time, and, I think, with success, to increase the Canadian content of labour and material. When Canada is asking Great Britain for favoured treatment for our manufactured goods it is very important for us to be able to say that these contain the largest possible percentage of Canadian labour and material.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: I have not sufficiently studied this feature of automobile manufacture to express an opinion as to what is best for this country. I rise simply to state that during the last twenty years I have gradually come to the conclusion that economists throughout the world have apparently not taken into consideration the building up of this industry. I have often asked myself: how many hundreds of millions of dollars have we in this country alone invested in motor-cars? Beyond our borders the total must be stupendous. I wonder how in the last twenty-five years the people at

large have been able, either upon cash or credit, to buy motor-cars to such an extent. Sometimes I wonder if this is not one of the phases that should be explored in connection with the study of our present economic situation. It may be answered that though hundreds and hundreds of millions of dollars have been invested in motor-cars, the people's savings have been flowing into the banks in steadily increasing volume.

Right Hon. Mr. MEIGHEN: For about the last two years and a half.

Hon. Mr. DANDURAND: Yes, for the last two or three years. Yet the question often arises in my mind as to the source on which in the last quarter of a century the people have drawn for that stupendous investment in motor-cars.

An Hon. SENATOR: Some people have mortgaged their farms.

Right Hon. Mr. GRAHAM: We hear it said that many persons run motor-cars when they really cannot afford the expense. But there is another side to the subject. The cheap motor-car has added more to the education of our people than any other factor I can think of. In the old days in our small towns and villages you would see the father and mother and their little children out for a walk. This gave them but a very limited idea even of their locality. The cheap motor-car has enabled the family to become acquainted not only with their own township, but with their county and their province, and in fact with other provinces. This was impossible before. It has led to teachers stimulating the interest of their pupils in local geography. Pardon me: I have been a school teacher and know this from experience. The young folks are asked by their teacher to give a short description of their motor trips throughout the neighbourhood. I repeat, these motor-cars have been one of the greatest educational factors in the Dominion.

Section 15 was agreed to.

Section 16 was agreed to.

On section 17—repeal of Schedule V:

Right Hon. Mr. MEIGHEN: These are exemptions, are they not?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Will the Minister tell us just what items have been added to the exemptions? I understand that one item is material for the manufacture of fishing rope.

Right Hon. Mr. GRAHAM: That is new.

Right Hon. Mr. MEIGHEN: What are those not specifically named, but mentioned at the top of page 19?

Hon. Mr. DANDURAND: With regard to the words "not to include automobiles adapted or adaptable to passenger use," I may say that as the Special War Revenue Act now stands, automobiles pay 3 per cent special excise tax. No change in effect is being made on account of this wording. It merely continues to tax this item, which would otherwise have been technically exempt on account of changes in the Act incidental to the revision of the excise taxes on automobiles.

Tariff item 695a covers paintings in oil or water colours. The inclusion of this item in the exemption list is designed to remove difficulties encountered in bringing into Canada collections of paintings for exhibition purposes. While some of these paintings may incidentally be sold, most of them are re-exported and require Orders in Council in order that refund may be secured of the tax paid upon re-export. The revenue aspect of granting this exemption is unimportant.

Right Hon. Mr. MEIGHEN: That relieves paintings brought into Canada from excise tax.

Hon. Mr. DANDURAND: Yes, they are relieved of the excise tax.

Hon. Mr. ARTHURS: Why is the excise tax charged upon products of the forests of Canada when similar products are exempt if coming from the United States?

Hon. Mr. DANDURAND: There is no excise tax in Canada.

Hon. Mr. ARTHURS: It is not so stated here.

Right Hon. Mr. MEIGHEN: But there is a sales tax.

Hon. Mr. DANDURAND: Yes. This relates solely to imports.

Hon. Mr. ARTHURS: It is the sales tax I am speaking about. Did I say excise tax?

Right Hon. Mr. MEIGHEN: The terrible mistake was made in 1925 of putting on duties and calling them excise taxes, and we have been in the shallows and miseries of that blunder ever since. The Minister (Hon. Mr. Dandurand) and the right honourable member from Eganville (Right Hon. Mr. Graham) know why it was done. How can you have an excise tax on importations only? That is not an excise tax at all; it is a duty.

Hon. Mr. DANDURAND: The same thing was done in 1931.

Right Hon. Mr. MEIGHEN: I do not doubt it. Once a bad example is set, it is human nature to pursue it. Here we are talking about an excise tax on importations only, and we have the officers explaining that it does not apply to Canadian productions at all. How can we have such humbug? The officers cannot help themselves, because nothing but an answer in the line of humbug will explain humbug itself.

The CHAIRMAN: Shall the amended Schedule V be carried?

Right Hon. Mr. MEIGHEN: What else, besides paintings, are relieved of duty? This is taking a tax off luxury.

Hon. Mr. DANDURAND: Tariff item 695b consists of hand-made drawings, or designs (but not including patterns) of wearing apparel, boots and shoes, wall paper, linoleum and textile fabrics. The inclusion of this item in the free list is designed to simplify administration. In the past it has been the practice, through Orders in Council, to grant refunds of tax on collections of drawings which were re-exported after a few selections had been made from them. The revenue aspect is unimportant.

Tariff item 696a covers educational moving picture films. Exemption is now being given from the 3 per cent special excise tax in order to pave the way for the adoption by Canada of the Convention for Facilitating the International Circulation of Films of an Educational Character.

Materials for use in the manufacture of binder twine and fishing rope—

Right Hon. Mr. MEIGHEN: We understand that.

The CHAIRMAN: You will find these enumerated on page 17 of the Bill. Shall the amended Schedule V carry?

Hon. Mr. DANDURAND: I have a quarrel with the Commons as to the drafting of their bills. They are sending us bills containing amending clauses interspersed with schedules. When they reach a certain point they drop the amendments and give us a schedule; then we have to go to the end of the schedule to continue with the amendments to the Act. For instance, from clause 15, on page 9, we have to turn to page 11 to find clause 16. Then we have Schedule III, and have to jump from page 11 to page 18 to reach clause 17. This clause, of course, bears on Schedule V.

The Law Clerk has already succeeded in having one or two bills amended so that all the clauses come together and the schedules follow one another. I have been trying to convince the Commissioner of Excise that we should impose upon him this new form, but he seems somewhat reluctant to accept it. We are simply placing the clauses and the schedules in separate groups. The following amendment will be moved by the honourable senator from Leeds (Hon. Mr. Hardy), the arranging to be done by the Clerk and the Law Officer:

Page 9, line 12. Strike out the words "and substituting therefor the following" and substitute the words "except the heading thereof, and substituting therefor Schedule I to this Act."

Page 9, line 13. Add the heading "Schedule I" immediately above line 13.

Page 9, line 31. Strike out the words "and the following is substituted therefor" and substitute the words "except the heading, and Schedule II to this Act is substituted therefor."

Page 11, line 4. Strike out the words "and the following is substituted therefor" and substitute the words "except the heading, and Schedule III to this Act is substituted therefor."

Page 18, line 4 of clause 17. Strike out the words "and the following substituted therefor" and substitute the words "except the heading, and Schedule IV to this Act is substituted therefor."

Page 18, following clause 17. For "Schedule V" substitute "Schedule IV."

Pages 9 to 18, both inclusive. Transfer Schedules I, II, III and IV to the end of the Bill.

Right Hon. Mr. MEIGHEN: I understand that the amendments moved are those suggested by the Law Clerk and appearing in the memorandum of which I have a copy. They leave the Bill with precisely the same meaning, but collect all the sections together and carry the schedules to the end of the Bill.

The proposed amendments were agreed to.

Section 17 was agreed to.

On section 18—coming into force:

Right Hon. Mr. MEIGHEN: I am prepared to accept this clause, subject to the understanding that the regulations will provide that the increase in transfer tax will not be retroactive.

Hon. Mr. DANDURAND: Yes.

Section 18 was agreed to.

Section 19 was agreed to.

On the preamble:

Right Hon. Mr. MEIGHEN: Mr. Chairman, before the preamble carries I wish to call attention to a situation which exists at the present time in relation to taxation. It has especial reference, not to this Bill or to Canadian taxation, but to a tax sought to be imposed by the Government of the

United States. As I describe the tax honourable members will begin to wonder whether we are citizens of Canada, with an obligation to support the institutions of this Dominion, or whether the authorities to the south of the line understand us to be subjects of the United States, with an obligation to sustain the institutions of that country. Some years ago the Government of the United States passed an enactment providing that if a Canadian, or a Canadian company, made a profitable sale of securities on any of the American exchanges—whether they were the securities of a Canadian, British, French or American company mattered not—part of the profit derived from the sale should be subject to a levy by the treasury of the United States. In other words, a Canadian who made an investment in a Canadian security, and later sold it at a profit on the New York Exchange, would be compelled to pay tribute to the treasury at Washington.

Hon. Mr. DANDURAND: On what is the levy made?

Right Hon. Mr. MEIGHEN: It is a levy on profits.

Hon. Mr. DANDURAND: On the difference between the cost of purchase and the price of sale?

Right Hon. Mr. MEIGHEN: Yes, a profits levy.

Honourable members will understand that in Canada we have a system of taxing earnings, or income, which is different from the system in effect in the United States. In that country a tax is imposed upon income derived from profits on investments, and a deduction is made if there has been a loss on securities purchased.

Hon. Mr. DANDURAND: We heard of that in connection with the United States Senate inquiry.

Right Hon. Mr. MEIGHEN: Yes. We in Canada do not tax such profits and do not deduct such losses. There may be debate as to which is the better system. For myself I am thoroughly convinced that ours is better. The effect of their system is this. In good times, when profits are made, there is a very large income to be taxed; but when the tide turns and money is needed most, there is hardly any income to be taxed. In this Dominion we say to investors: "You take the risk of profit or loss. If you lose, we do not deduct a nickel; if you make a profit, it is all yours." Now the United States Government is seeking to apply its system to us, and under its law it says to Canadians: "If you make a profit on anything sold in the United States, though it may be sold to a Canadian, or to a resident of Great Britain, France or any other country, we want part of your profits." This law went into effect some time ago. Representatives of our Administration pointed out to the authorities at Washington the iniquity of such a tax. If we get some benefit from a service rendered over there we ought to pay for it. We do pay for it. We pay for the opportunity of selling there, though we sell to a Canadian. That ends our obligation. No duty rests upon us to sustain the expenditure of the United States Government. This argument was made by our representatives, who also drew attention to the fact that if similar action were taken here it would result in untold confusion in the United States. That country of course has an advantage in that the main exchanges are over there. Application of the law was delayed, but in recent months the Government at Washington has come forward with renewed vigour and threatened to seize holdings of Canadians in American companies if that tax is not paid. I know it is hard for honourable members to believe that such a thing could be done.

If a citizen of this country makes a profit on a sale in New York of stock of, say, the International Petroleum Company, a Canadian company, even though the sale is made to another citizen of Canada, the United States Government demands from the Canadian vendor a share of the profit on that transaction. A more abhorrent—I cannot refrain from saying dishonourable—procedure can hardly be imagined. I impress upon the Government that the American authorities are now proceeding with renewed vigour against even the directors of Canadian companies, to collect that assessment on the Canadian people. I should like to know what the attitude of the Government of Canada is in the premises.

Hon. Mr. DANDURAND: Will not the effect be to cause Canadians to deal in their own markets?

Right Hon. Mr. MEIGHEN: Very well. I do not mind that. But what about the past? This law is made retroactive to the beginning of 1929. People in the United States, knowing their own law, took losses to set off against profits. We in Canada had no such warning, and now we are told that we must report to the United States as from the beginning of 1929. I put it to the leader of the Government that though the effect may be to prevent Canadians from using American institutions at all, an injustice to Canadians will still be done. We have made use of institutions of the United States, but we have paid for that use. They have no interest in our profits on our securities. To place the iron hand of government upon our securities

and seize them is an act which in other days has given rise to very serious results. I ask the Government to have some very competent officer, officers or board go into this matter at once. If there is no escape from this tax, then let us immediately impose a similar one, and do so with all the force and finality that the United States Government gives to its actions.

Hon. Mr. DANDURAND: We shall have occasion to discuss income tax in this Chamber soon, and I shall make it a point to obtain information.

Right Hon. Mr. MEIGHEN: I am glad to give an introduction to the subject.

The preamble was agreed to.

The title was agreed to.

The Bill was reported as amended.

CANADIAN NATIONAL—CANADIAN PACIFIC BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 21, an Act to amend the Canadian National-Canadian Pacific Act, 1933.

He said: Honourable senators, the purpose of this Bill is to amend the measure of 1933 under which an effort was made to bring about co-operation between the two railways, the Canadian National and the Canadian Pacific, with a view to effecting necessary economies. I must recognize, as I suppose every honourable member of this Chamber does, that that legislation has not been conducive to improvement by way of such co-operative economies as were contemplated at the time. The failure has been attributed partly, and in some quarters mainly, to the fact that the chief operating officer under the Act was subordinated to three trustees who were inexperienced in actual railway operations. Many other causes may be advanced for the unsuccessful working of the Act. I have been told that even the present trustees themselves are quite doubtful whether the system under which they have been operating is a good one. The Board of Trustees was responsible to no one. And on reading its reports it seems clear that it has no well-defined policy to offer the country. Moreover, even among that small number of trustees there was a serious lack of agreement, so that under the Act the Chairman became absolutely supreme for administration purposes.

According to the published statements for 1935 of the Canadian National and the Canadian Pacific, the economies effected by co-operation between the two railways up to that year amounted to something like $1,600,000. That is very far short of eliminating the annual deficit of approximately $50,000,000.

In their annual report for 1935 the trustees were unable to report substantial progress. I quote from that report:

> The question of further extending the area of passenger train pooling has been under study during the past year by the joint technical committee and conclusion has been reached that the economy possible of attainment at this time is not sufficient to warrant the expenditure of capital required to make the principal passenger train terminals suitable for joint use and to offset disruption in traffic which would necessarily be involved.

Similarly the trustees report their inability to reduce the number of city ticket offices maintained by the two companies.

Towards the conclusion of their report the trustees say:

> Some further economy from co-operative measures may be expected, but co-operative economy is a most difficult process when maintenance expenditures and train and car mileage have been so drastically reduced. It is becoming increasingly certain that any substantial improvement in net earnings can be secured in no other way than by increased volume of traffic and, in the opinion of the trustees, it is in the public interest that the way out of the present difficulties be found in an expansion of earnings rather than by way of a further curtailment of railway expenditures.

The failure of the system set up under the legislation of 1933 was so apparent last autumn that the then Prime Minister, Right Hon. Mr. Bennett, who was responsible for trying to carry out recommendations of the Duff Report, suggested publicly that out of sheer despair another inquiry should be held into all transportation activities. That was a somewhat clear indication of his view as to what had been accomplished in comparison with what he had hoped would be done.

If I am not mistaken, some eighteen railway organizations were represented before the Senate committee which studied the Canadian National-Canadian Pacific Bill in 1933, and one after another of these organizations stated that a board of three trustees would be unable to manage satisfactorily such a vast system as the Canadian National.

The Duff Report, speaking of the qualifications which trustees should possess, said they "should be persons of proved business skill and capacity," and "the Chairman in particular should have financial, administrative and executive ability of a high order." Of course the royal commissioners had the ideal in mind. The Government of that day had to deal, as the present Government will have to deal, with human beings as they are. Never-

theless I believe it is possible to live up to the standard set by the Duff Commission.

The trustees are splendid men, and, from all reports, good and true men, but they had only slight experience in such railway administration. And I wish to emphasize that they did not succeed in working together harmoniously. Although they numbered only three, they were divided and very seldom if ever sat together. The board appointed a chief operating officer, with the titular rank of President, but they limited his jurisdiction considerably. Among other duties he was given that of fixing the time-tables, and

> the engaging and continuing in and discharging from employment, the personnel required for such purposes, or any of them, and the fixing of the terms and conditions of such employment, all salaries to be approved by the chairman of the trustees. This authority, however, is not to cover the appointment of vice-presidents, general managers, secretary, treasurer, European agent, European secretary-treasurer, or heads of departments.

It will be seen quite clearly that this chief operating officer was shorn of authority which he should have had to reward the men under him by way of salary and promotion, and that his position as President was thus considerably weakened. He became an adviser to the Chairman, who was the real operating head of the railway. Functions and authority were apportioned between the President and the Chairman of the Board, whereby the supposed operating head became shorn of powers over what constitutes "the entire working of the railway in detail"—to borrow a phase from the Duff Report.

The present Bill does not change the object and purpose of the 1933 measure, except by increasing the executive from three to seven directors. The Drayton-Acworth Report recommended five directors. The Canadian National Railway Act provided for fifteen, which number was later increased to seventeen. But such a scattered directorate was so unwieldy that in 1927 it was judged necessary to appoint an executive of six members, which number was increased to eight in 1931. In that year three members chosen from the executive board were appointed a finance committee.

Under the present measure the Governor in Council will appoint directors and a chairman, and the majority will rule. The Government is willing to be judged by its appointments. Organized labour will be represented. It is the desire and intention of the Administration that the chairman shall be a trained and experienced railway man. So that the board may function quite independently of the Government, the Deputy Minister of Railways will not be a director, as he has been in the past. The Minister of Railways will keep in close contact with the chairman on problems affecting the Government and railway policy. There is no use in denying the fact that the Canadian National is a state-owned railway, in connection with which the Government must apply to Parliament for a money vote, and, therefore, must accept responsibility.

As to the tenure of office, the Duff Commission suggested seven years. The Act of 1933 fixed the term at five years for the Chairman, four for the second member and three for the third. The present Bill provides for the appointment of three directors for three years, two for two years, and two for one year. Thus continuity and annual rotation will be secured.

The Bill removes the disability which prevented any employee of the Canadian National Railways from becoming a chief executive.

There is provision for approval by the Governor in Council of by-laws which under the existing law would need to be approved by shareholders, inasmuch as the Executive of Parliament represents directly—shall I say? —the shareholders of the state-owned railway, the people of Canada.

The Act of 1933 is in four parts. Part I deals with the trustees, and is the part mainly affected by this Bill. Part 2, which enjoins co-operation between the two railways, remains intact. Part 3 imposes compulsory co-operation and arbitration on the two railways. This is left intact; as is also Part 4, which prohibits amalgamation.

With the former board of directors contact was not continuous. It will now be closer and uninterrupted, as the new directors will take an active and more effective part in the administration of the railway system.

There will be no double or multiple salaries, as obtained under the old Canadian National Act prior to the appointment of the present trustee board.

The Government is responsible for the administration of the system, and, needless to add, it has a mandate from the people. I suggest, therefore, that it should not be hampered in its administration of the railways. The Government will be judged by the results under the new system. The railway situation is the biggest problem which confronts the people of Canada. It has been said we have two problems of equal importance: unemployment, which is but a temporary problem; the railway problem, which also may be but temporary, but seems likely to be with us for some time yet.

The men needed to carry out the policy of the Government must be of its own choos-

ing. In short, the organization of our railway management must start from the top.

A question may be raised—I have heard it already—as to the vested rights of the chairman of the present trustee board. The term of office of the other trustees is about to expire. On this question I may be permitted to cite the words of the honourable Minister of Railways. I do so because he speaks authoritatively as having charge of the Bill in the other House, and as the person who will be responsible for its administration. At page 3716 of Commons Hansard he is reported as follows:

> If there should be any hardship imposed upon the chairman by this change, I am quite prepared to see that he does not suffer financially.

The matter does not come directly before us, since we are simply doing away with a board of which he naturally forms a part. It is the consequences that may interest members of Parliament. I may say that reference to past legislation will afford many precedents for the present action of the Government. In 1930 we discontinued the Pension Appeals Board and thus terminated the functions of its members. One of those members, a former judge, claimed compensation and carried his case to the Privy Council. The Privy Council disallowed the appeal. I may say that before the late Government went out of office it provided compensation for the judges, members of that tribunal, whose terms had still some years to run. They were voted a certain solatium. In the present instance there is not likely to be any litigation. I think the statement of the honourable Minister should reassure the friends of the chairman of the present board of trustees that he will be dealt with equitably.

With these remarks I move, seconded by the Right Hon. Mr. Graham, the second reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Before making any remarks, may I ask whether it is the intention of the honourable leader of the Government to refer the Bill to the Railway Committee?

Hon. Mr. DANDURAND: I have not examined the Bill with that idea in mind. As I have just stated, the main change to be effected is in Part 1 of the 1933 Act. Unless my right honourable friend insists upon the Bill being referred to the Railway Committee, I should feel inclined, in order to expedite our business, to have it dealt with in Committee of the Whole. But on that score I am at the disposal of my right honourable friend.

Right Hon. Mr. MEIGHEN: I am grateful to the honourable leader of the Government for agreeing, because, so far as I have any right to do so, I would insist on the Bill being referred to the Railway Committee. With this understanding, I shall not offer opposition to the measure at the present stage. I think the Bill is eminently one which should go to the committee, because we should be certain of our facts—facts stated by the leader of the Government as the reasons for the measure. We should verify them before we legislate on the faith of them, and it is only before the Railway Committee that we can achieve any certainty of, or direct contact with, facts.

The measure, broadly speaking, has two purposes. One is to get rid of the present board of trustees and in their place to appoint a board of seven directors. Its importance lies not in the designation "directors" as against the previous designation "trustees"; that makes little difference. The importance of this feature lies in the principle of changing the trustees of this great system because of a change of government.

Hon. Mr. DANDURAND: If that were the only reason it would be a poor one.

Right Hon. Mr. MEIGHEN: It is for us to inquire whether there is another reason. The other great purpose apparently is, in the words of the honourable leader opposite, to leave the Government, which is ultimately responsible, unhampered in its administration of the system. These are undoubtedly important purposes. As to their being legitimate and wise, I postpone my remarks until the facts have been illuminated.

What are the facts alleged? First, the present system has failed. Second, the main reason for the failure is that the Chairman of the Board of Trustees is not a man familiar with and accustomed to railway affairs—is not a railway man. The third fact as implied, if not indeed specifically stated by the leader of the Government, is that the Chairman of the Board of Trustees assumed to himself functions which under the terms of the legislation it was not contemplated he should assume. These are all questions of fact. First, has the administration been a failure? If so, is it mainly because the head of the trustee board is not a practical railway man—or was not prior to his appointment. Third, is it a fact that he usurped functions not intended by the legislation? In order to verify these facts it is advisable to refer the Bill to the Railway Committee.

I want for a moment to comment on the second purpose of the Bill. This purpose is, in the words of the honourable leader, to see to it that the Government is no longer hampered in administering the property. If in virgin simplicity one came to consider the public affairs of Canada and listened to my honourable friend in his very plausible presentation of the Government's case, one might be disposed to think it quite logical that the Government, being ultimately responsible to the people for the proper discharge of its obligations as trustee for the nation of this great national railway system, should not be hampered in determining its policies and the general conditions under which it operates. That perhaps sounds convincing. But the problem is much bigger, much older, and the background much vaster than is indicated by the remarks of the honourable leader of the Government. In very recent years there have been long periods when there was no hampering, no restraint, when, as very definitely stated by the honourable leader this afternoon, the Government of the day was free to choose men in whom it had confidence to administer the property. Then that condition prevailed in all its fullness and amplitude. But we did not get just the results the people of Canada expected. I am afraid that if I went to the extent of my own convictions I should say we got most disastrous results, and the fearful burden under which we labour now and the great difficulties we are called upon to surmount are due simply to the results of that full and ample sway of the Administration in directing the policy of the road and determining that those in charge should be men who had its confidence.

My honourable friend opposite puts forward, in a manner which undoubtedly is best designed to fall soothingly on the ear of honourable senators, the claim of the Administration that it should have the right to choose men in whom it has confidence to run the system. But when that statement is analysed and is carried to its inevitable result it means that our great national railway system, involving a capital investment by this country of something in the neighbourhood of two billions and a half of money, must necessarily have a change of operating officials and of direction with every change of government; that we must no longer have anything in the way of continuity in the management and direction of the system. If such is the principle we are to follow, it behooves us to inquire whether we can ever expect to have this road handled in a business-like manner, to the advantage of the people of this country, or to have it anything but an incubus of appalling blackness and terror, such as it rapidly became over many years of its history.

The honourable leader opposite says that the Government has a mandate. If it can be shown that under the present head the administration of the road is a failure—if the fact can be disclosed, supported and proved, then undoubtedly there is implied in the very return of the Government a mandate to change the administration of the railway. But may I ask him if he feels there is any mandate aside from the establishment of that fact as a proved case? Did the members of the Government now in office say to the electors of Canada that they had no faith in the present board of trustees, that in their judgment the trustees were a failure, and that they intended to oust them? If they did, I did not hear them. If any such statement of intention was made to the Canadian people, I never read it. I do not know where it appears or where it can be found. In fact, I know of no specific mandate, or anything approaching one, being given in this matter; and it is a specific mandate that we are now called upon to ratify.

I hear threatenings and fulminations as to what will happen this body if we do not do what we are told. I am not particularly concerned personally as to what happens this body, but I am particularly concerned about this body doing its duty under all circumstances and in spite of all threats.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I would rather see this House abolished because it did its duty than see it despised because it failed to do its duty.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: We should act in respect of this measure with a single regard to the ultimate good of this great system. We should not refuse to take a proper step merely because, by giving the Administration an opportunity to blame someone else for failure, it would possibly react to the disadvantage of a party seeking office; and we certainly should not refrain from action because we are told in thunder language that we have no rights at all in the premises, that we are not elected by the people, and that our only business is to get out of the path and let those who were elected have their way.

The Fathers of Confederation were, I think, as strong and devoted friends of a democratic system of government as ever founded a nation. They built their faith on the history and tradition of Britain. Taking lessons from that great nation, they decided

there had to be a system of checks and balances in order that democracy might work to the real advantage and the abiding good of its people. In that great system we form an integral, pivotal, and indeed momentous part. It is our duty to live up to our part. I should be the last to advise any Senate, after a reasonable check had been applied for a just purpose, to refuse to heed the public will, which, right or wrong, must ultimately prevail. But certainly it is our profound and lasting duty, whenever we deem it right and proper, to provide a check for the purpose of affording the public opportunity and time to think a matter over, and of bringing the intelligence of the nation close to the real problem and the possible consequences of a false move in its solution.

I have made these remarks with no special reference to this measure. They apply equally to all measures. We must have deference to mandates. This does not mean that every mandate in every election can be read as approval of every single sentence uttered by some member of an Administration. If it did, nearly everything in the world could be justified. A mandate which results from a definite or repeated pronouncement of policy, so openly made that the whole nation understands, and so advanced as to be one of the things voted upon, must always have the very great respect of this Senate. This Senate cannot cast aside a mandate even less definite and pronounced; but the regard which we have for it must depend upon how clearly the whole problem was presented to the nation when it made its choice. We must not lose sight of what we believe to be the permanent good if there is reason to hope that a wiser judgment will be secured when time has been allowed and probably more is known of the subject to be ultimately decided.

I am glad, indeed, and grateful, that the honourable leader of the Government has agreed to allow this Bill to go to committee. I hope the committee will see to it that nothing is placed in the way of bringing out real facts pertaining to this matter. I can conceive of a mistake being made—a mistake of a tremendous character, with far-reaching and disastrous consequences. We cannot act in the absence of proof of allegations in support of this proposed step. We must have that proof. Then, in the light of evidence, we must carefully examine the principles that should be applied, or continued, in the administration of this great system.

Right Hon. GEORGE P. GRAHAM: Honourable members, I am not afraid that in my lifetime I shall be deprived of my seat in the Senate.

Hon. Mr. BALLANTYNE: You never can tell.

Right Hon. Mr. GRAHAM: I still have faith in the future, although most of my life is behind me.

The condition outlined by my right honourable friend (Right Hon. Mr. Meighen) relates not merely to one railway in Canada, but to more than one; in fact, it applies to almost every railway on the continent of North America. So the suggestion that financial difficulties came to but one railway in this country, or were attributable to one system, or one board of directors, is not well founded. Before the depression came—and this is the only reference I am going to make to it—the Canadian National had sufficient at the end of the year to pay its overhead and what it owed the public, and a little balance besides.

Right Hon. Mr. MEIGHEN: It did not pay a balance; it earned it.

Right Hon. Mr. GRAHAM: It had money to pay the interest on its indebtedness; so the Government did not have to pay that.

Right Hon. Mr. MEIGHEN: The system earned a little more than enough to pay the interest due to the public, but when that was paid the balance was not applied on interest due the Government. It was kept in the treasury.

Right Hon. Mr. GRAHAM: I know that. I do not want to spend much time discussing this matter. He is a very optimistic man who would imagine that under all conditions and circumstances our conglomeration of systems could pay interest on the money borrowed from the Government without swamping the people with increased rates. I never had any such idea in my mind.

However, that is not what I wish to discuss. Being Chairman of the Railway Committee, I may not have much opportunity of strongly expressing my views in the committee; so, as one who under the rules of debate in the Senate has the right to speak, I desire to express myself now. When the previous legislation was put through I voted with the majority. Every member of the House who was a member of the Railway Committee will recall that in spite of great criticism from many quarters, including both railways, I stood by every detail of the Bill presented

by the Government at that time, believing, in the light of the Duff Report, that it would be wise to try the experiment of trustees. While I possibly would do the same thing again in the same circumstances, I have no hesitation in saying that I am not at all satisfied with the management of the Canadian National under the board of trustees. It is idle to imagine for a moment that harmony has prevailed. I know that harmony has not prevailed between the trustees and the late Government.

Right Hon. Mr. MEIGHEN: It may be a good sign.

Right Hon. Mr. GRAHAM: You may say, "Prove it"; but honourable gentlemen would not like to be asked to prove many of the things they have heard from friends. The fact remains, and it is known to everybody, that very strong differences of opinion existed between the late Government and the board of trustees. Without going further, I may say that I am informed that there were even very strong differences of opinion among the trustees themselves. I will not say that was fatal, but it shows that the scheme did not work out as we all thought it would.

There is another point to which I would refer, and I call the Chairman of the Board of Trustees as my witness. There was included in the Act which we passed a section providing for the establishment of a board to settle differences between the two railways and to bring about co-operation.

Hon. Mr. BALLANTYNE: Arbitration.

Right Hon. Mr. GRAHAM: Some of us call it arbitration. Its purpose was to settle any differences between the two railways. The other day, when asked why greater co-operation did not take place, the Chairman of the Board himself said it was because some of the parties were not in favour of it. If that board had been brought into operation, or part of the statute carried into effect, some of the difficulties might have been settled. But they were not settled. I maintain, therefore, as a member of the Senate who took a prominent part in putting through the Bill, that the Government in not putting that particular provision into effect failed to keep faith with us. I think that in failing to enforce it the Government made a great mistake and did a great injustice to those of us in the Senate who fought for days to have the provision adopted. Co-operation might have saved the situation.

Now let me speak of a subject which I am sure no person in the Senate, not even my right honourable friend, is acquainted with at all. I refer to political interference. Considerable of a myth has grown up with respect to this subject. We are all human, notwithstanding the fact that some of us are more angelic than others. The public do not believe a word we say when we insinuate that, other things being equal, we do not do anything for our friends. Any statement to that effect is all nonsense. Let us avoid that sort of statement. Nobody believes it. We do not believe it ourselves.

Someone may ask, "What did you do on the Intercolonial?" The Intercolonial was in a different position from the Canadian National. It was built for the purpose, to put it mildly, of aiding the Maritime Provinces. At the same time it aided other parts of Canada. The Maritimes had a right to think they ought to have something to say about how the Intercolonial should be managed in order to bring about the results intended by the Fathers of Confederation. When I as Minister was head of the Intercolonial Railway the members from the Maritime Provinces and Quebec did not hound me to death. On behalf of the people of those provinces they came to me as representatives having a perfect right to discuss a situation in which they were interested.

Hon. Mr. ARTHURS: What is the difference?

Right Hon. Mr. GRAHAM: One can be a straight partisan, you know, or one can listen to a man and then do what one thinks is right.

Now I come to Ontario, blessed Ontario, where I live. The men elected in Ontario are supposed to represent the people in their constituencies, and when I was Minister of Railways I had as many complaints from Ontario members as from members representing any other part of the Dominion. If a station was closed, or was made a flag station when a fast train was put on, I was appealed to, and rightly so. When the people wish to appeal to the Government, through whom should they appeal if not the member elected to represent them? I think, therefore, political partisanship may be regarded as largely a name given to the right of elected members, when in need of assistance of any kind, no matter what their party may be, to appeal to those in power. I never was troubled very much by political pressure. I am looking now at some gentlemen who used to come to see me quite frequently. If I could not meet their wishes when they had stated their case, I said so. I think we overdo this "political partisanship" business. Our affairs are run under the party system, the best system

known, and I think we had better not exaggerate political partisanship, for it lacks much of the influence people think it possesses.

Now I come to the question of a new directorate. I am in favour of a directorate, but much depends on the men who compose it. In one respect I hardly agree with the Government. I believe the Deputy Minister of Railways, or the Deputy Minister of Transport, should be a member of the board. He could speak for the Minister and could act as an intermediary between the Minister and the board of directors. I believe the present Minister has decided, however, that his Deputy, Colonel Smart—a very able man—will be busy enough attending to all the duties he will have to perform in connection with the amalgamated department. The success of a board of directors depends upon the men who are its members and where they are situated. The system of having on that board men of all parties, from all parts of the Dominion, has been tried out. There is a good deal to be said in favour of that system, but I am free to say that I do not think it works out very well in the practical management of a big concern. When I was Minister and we had a large board I insisted upon having chosen from it an executive whose members would be within telephone call from head office whenever it was thought essential to hold a meeting. To my mind it is questionable whether efficient service can be rendered to this great national enterprise by a board composed of representatives from all sections of the country. Our railway does not need as much advertising in that way as it once did. What the present situation demands is men who know their jobs, men who are willing to spend all their time working at them and trying to make a success of this huge business.

The question has been asked, why the chairman should be a railway man. Well, I myself will not go so far as to say that he should be, but he ought to have ability to pick competent men to work with him to bring about the best results. He need not know a great deal about law, but if he is going to make a success of this great enterprise he must possess executive ability transcending that possessed by the head of almost any other industry in this country. He must be one who knows men and how to handle them. Honourable members must realize that the greatest power in the Canadian National of to-day is man-power. I do not hesitate to say that to my mind one of the discouraging features of the present management has been the failure to keep the men in what is ordinarily termed a state of good morale. I travel a good deal. I perhaps know as many railway men and address as many by their first names as does any person in Canada, and I say that the greatest failure on the part of the board of trustees has been the loss of influence over the men.

Hon. Mr. ARTHURS: What about the Canadian Pacific?

Right Hon. Mr. GRAHAM: I am discussing only the one road. If I were dealing with the other, perhaps I should say the same thing; but that is not my job.

When working for someone, you cannot do your best work nor give your best service if every day you are afraid that the axe may fall. Such is the fear a great many employees of the Canadian National have experienced during the past two or three years. The decline in the morale of the men is quite noticeable, and particularly so when any of them come to talk to you.

I say again that I am in favour of a board, but at present I would not have it so large as to contain representatives of all sections of the country. When an improved condition has been brought about by a small board, the experiment of extended representation might be tried again. And, after all, perhaps there will be no need of a board of representatives of all sections so long as senators and other members of Parliament can fulfil their duty, without being called political partisans, of giving information as to the railway situation in their own districts. If I had the doing of it I would limit the board to seven members, the best seven men obtainable, and require them to devote their whole time and attention to the job. The directors should talk every day with the men at the head of the various operations. Were I a director I should know the first names of all the chiefs at head office and of those in charge of the different branches at Montreal, so that they would feel free to come to me, as I should feel free to go to them, for discussion of problems that might arise.

I think that if we can re-establish the morale of the employees and choose a competent chairman and board of directors—there are plenty of competent men in Canada—the Canadian National will be in a position to enjoy a full share of the benefit of improved conditions when they arrive.

Hon. Mr. DANDURAND: I should like to say a few words at the close of this debate. I have listened very attentively to the remarks of my right honourable friend—

Right Hon. Mr. MEIGHEN: Which one?

Right Hon. Mr. GRAHAM: Both of us are included.

Hon. Mr. DANDURAND: —my right honourable friend facing me (Right Hon. Mr. Meighen). I think it can be said that during the many years I have filled the position of leader of this Chamber I have constantly upheld the right of the Senate to express itself on public legislation. On more than one occasion I have quoted the view of Sir John A. Macdonald that the Senate should lean rather sympathetically towards the Administration of the day, since it represents the will of the people; but my long experience in this House has led me to feel sometimes that Sir John A. Macdonald did not take sufficient account of the human element. I think that an ideal Senate would be rather inclined to criticize, in a good spirit, measures coming from the other House. I have not often observed a keen desire for improving legislation when the majority has been seated behind the Minister in this Chamber. There was too strong an inclination then to agree with measures coming from the other House. Though such has been my view on this point, I desire to say to my right honourable friend that with respect to matters that are not essential, not of considerable importance, I think the Senate should follow the line suggested by Sir John A. Macdonald and show some sympathy towards Government legislation.

I make these remarks because I have read in the newspapers that there are to be clashes between the two Chambers.

Now, coming to this Bill, I find that at present there is a board of three trustees administering that immense business known as the Canadian National Railways. Two of the trustees are about to terminate their period of office, and one may have some two or three years more to serve. The Government, faced with the great responsibility of administering that railway system, which has an annual deficit of around fifty million dollars, says it believes another board should be appointed, composed not of three, but of seven members. This seems to me of so little consequence that I believe that even if honourable members doubt the wisdom of increasing membership of the board from three to seven, the Senate would not take the responsibility of insisting upon its own views in this case as against the policy formulated by the present Government, which has just been elected by the people and will be responsible for the administration of the railway during the next four years. We are, of course, free to discuss any measure here, but I fear my right honourable friend is perhaps following a doubtful course when he says that in committee he will test the reasons of the Government for the proposed small change as to personnel of the board.

On examining this Bill we observe that it contemplates but a slight change in the features of the existing legislation. Surely we should select some different occasion for insisting upon our right to amend a measure coming from the House of Commons. I mention this point simply by way of suggesting that my right honourable friend and other honourable members might examine the present situation calmly to see if there is any cause for the Senate to assert its right to reject a piece of legislation which is deemed by the Minister of Railways to be all-important.

Right Hon. Mr. MEIGHEN: To be unimportant or all-important?

Hon. Mr. DANDURAND: All-important.

Right Hon. Mr. MEIGHEN: I thought the honourable leader's reason for urging us not to oppose it was that it was unimportant.

Hon. Mr. DANDURAND: Well, it is unimportant in the matter of principle. It simply establishes a new organization and places the administration of the railway in the hands of seven directors. I wonder how anyone can get very much excited over this proposed change, in view of the recommended and actual changes in the size of the board, to which I have already referred. The late Government decided upon a board of three members, and the present Administration wishes to increase the number to seven. There is but little importance in the proposed change in the machinery for administering this great railway. If honourable members dislike the Bill only because of the number of members it contemplates for the board, I would ask them to think twice before locking horns with the other Chamber on this matter. Of course, we can always fully exercise our discretion on an important question of principle. I shall not go to the Committee on Railways, Telegraphs and Harbours with the belief that this proposal to increase the board from three to seven members presents a very important question for our consideration.

Hon. A. D. McRAE: Honourable senators, I think on this question I am perhaps in a different position from many of my colleagues. As I remember, when I sat on the other side I spoke and voted against the trustee board arrangement incorporated in the Act of 1933. I stated that in my judgment the then Bill was ineffective—would not accomplish the saving intended, and would not get us anywhere with respect to our rail-

way problem. I think it is fortunate that this Bill is to be referred to the Railway Committee, if for no other reason than to permit us to inquire why the Act of 1933 did not work out satisfactorily. It is very clear in my mind why that legislation did not work out as was generally expected. But, that method having proved to be a failure, the best step to take next is to try another method.

I have not read my speech of 1933, but as I recall, I predicted that within five years, or the ordinary life of a Parliament, there would be a railway loss of $250,000,000. The five years have not yet elapsed, but I think I am safe in saying that so far the loss to the treasury is probably $150,000,000.

But that is not the worst. We are lulling ourselves into a sense of false security. We are fooling ourselves if we think our railway system has cost us only $150,000,000 in the last three years. Anyone who travels over our railways and sees the deterioration which is taking place must realize that the day is not far distant when we shall be called upon to spend millions of dollars to rehabilitate the system and bring the lines and equipment up to date. On some of the American lines the so-called zephyr trains are running seventy miles an hour. Diesel engines provide the motive power, and the fuel cost is but a tenth of the cost of operating coal-burning engines. Those trains run from Chicago to Minneapolis, four hundred miles, with not a stop for fuel or water. We must realize that we are in a new era of transportation by rail, road and air. Our railways are rapidly losing their business. Many people in the city in which I live motor down to the American side and travel on American railways. That transportation is superior, but the cost is the same. Anyone who thinks we shall even retain our present railway travel, to say nothing of attracting tourist traffic, must realize the vast amount of further capital expenditure that is necessary in order to modernize our railways and rolling stock. I fear that with the replacements in the next few years our annual railway deficit is likely to be $100,000,000 instead of $50,000,000.

We all know business is improving, but if we are relying on business improvement alone we are building on a false foundation. One of its corner-stones is our railway situation. Like every other structure built on a false basis, our business structure is doomed to fall unless we repair its crumbling foundation.

I regret that the Government finds it necessary to revert to the old system which obtained prior to 1933. It will throw us back to where we were formerly. I am ready to support this or any other Government prepared to tackle the railway problem in a manner that gives promise of a solution. It may be that the Government in bringing down this Bill has a solution in mind. I feel that the Government regards the railway situation as one of the major problems of Canada, and desires to have this Bill enacted. I am ready to vote for it; but, I desire to point out to the Government, I shall support it not in order that we may return to the conditions which formerly prevailed, but in order that the Government may have a free hand, and the full responsibility which goes with that freedom.

May I caution the Government on one point? There are many inquiries now by men who make money on the stock market with respect to what will be the probable solution of our railway problem. Any solution which might result in wild speculation in railway securities of one kind or another will be harmful not only to the public, but to the treasury as well. The Government has a very serious responsibility in seeing to it that any attempted solution shall not have the effect of creating speculation in railway stocks on a scale such as we have known in the past.

I do not believe it is in the realm of possibility for a board of directors to remedy the present railway situation. In my judgment the solution of our railway problem is either unification or increased railway rates. The Government may just as well face the facts. As I have said, I am perfectly willing to support the Bill, but I should not care to do so without impressing on the Government its grave responsibility. I know there is strong objection to unification, but I suggest that the Government might well consider a plan, to be spread over ten years, which would take care of every man now working on the railways and so avoid any displacement of labour. I have it on the best of authority that the credit of this country, particularly in England, is involved in the proper settlement of our railway problem. We should aim at something that promises to place our roads on a sound basis within the next ten years. Had we done this four or five years ago, we should now be half way towards our goal. One of the main objections to unification is that it involves the discharge of many employees, but I believe it would be practicable to work out, over a period of years, a plan which would enable those men to be taken care of.

Even under unification, in view of the tremendous additional capital expenditure which will have to be provided for, I do not think it will be possible for many years

to come to improve railway earnings to such a degree as to show a net surplus.

One point connected with the Bill I do not like. We have heard a great deal about the sanctity of contracts. Well, I think sanctity of contracts, like charity, should begin at home. In 1933 Parliament, rightly or wrongly, passed the Canadian National-Canadian Pacific Act, under which we incurred certain contractual obligations. If by further legislation we wipe all that out, are we not doing exactly what many people in this country want to do—are we not disregarding the obligations we entered into with the board of trustees? I hold no brief for the trustees, but when I make a contract with a man I like to live up to it. I do not think Parliament should set an example in disregarding contracts.

The railway problem is a very serious one. The financial soundness of Canada is wrapped up in it. In concluding my remarks I must express my regret that the Government has not put forward something that in my judgment promises a solution. I shall be greatly disappointed, and so will the people, if we continue much longer with annual deficits of $50,000,000—deficits which would be still further increased if the railway system were kept up to the proper standard of maintenance.

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

REFERRED TO COMMITTEE

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

The motion was agreed to.

ADJOURNMENT— RAILWAY COMMITTEE

Right Hon. Mr. GRAHAM: I hope honourable senators, both members and non-members of the Railway Committee, will bear in mind that the committee will meet to-night at 8 o'clock.

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

THE SENATE

Wednesday, June 10, 1936.

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

Prayers and routine proceedings.

GOVERNMENT ANNUITIES

REPORT OF SPECIAL COMMITTEE

Hon. F. B. BLACK presented the report of the special committee appointed to consider and report upon the operation of the Government Annuities Act.

He said: Honourable senators, the special committee appointed to consider and report upon the operation of the Government Annuities Act begs leave to make its second report as follows:

In the investigation of the annuities question your committee had in mind obtaining evidence to show:

(1) If the mortality tables used by the Annuities Branch were accurate and up-to-date;

(2) If the interest rate upon which annuities were based was a reasonable and proper one;

(3) If the Annuities Branch might be better placed or amalgamated with some other department than that under which it is now placed.

On the first two points, there seemed to be unanimity of opinion from those giving evidence and from the department in charge of annuities.

Those who gave evidence before the committee were Mr. A. D. Watson, Chief Actuary of the Department of Insurance; Mr. E. G. Blackadar, Superintendent of Annuities; Professor M. A. MacKenzie, of the University of Toronto, President of the Teachers' Insurance and Annuity Association of America. This association is probably selling more annuities than any other one in North America.

In addition to all verbal evidence, there was a considerable amount submitted in writing.

The evidence showed that the mortality tables now used were obsolete, and while insurance companies and other companies granting annuities had changed their mortality tables from time to time in recent years the table used by the Annuities Branch remained unchanged, with the result that the public treasury is losing a very large amount of money annually.

The Annuities Branch estimates this loss to be about $400,000 for the past year. The evidence submitted by others, however, indicates that the loss was probably greatly in excess of this amount.

Professor MacKenzie suggests that the present mortality table used in Great Britain is the better one to adopt. He further states that it is about the same as the latest mortality table used in the United States.

The evidence shows that under the present rates charged by the Canada Life an annuity for a man aged 50 is computed at 16·93 times the revenue, that is to say, an annuity of $1,000 a year would cost $16,930, whereas at the present rate of Government annuities it would cost him only $13,970. This one annuity would show a loss under our present plan, to the Government, of $3,000, or a loss rate of about 22 per cent. In other words, the mortality table used by Canada plus the interest rate is 22 per cent out of line with the present rates in use elsewhere.

The interest rate upon which the annuities were based by the Government, namely 4 per cent, was, at the time the measure was enacted, a reasonable rate, but since then changes in money rates have made it necessary

for the insurance and other annuity groups to reduce their rates while the Government rate has remained unchanged.

As shown in the table submitted by Professor MacKenzie, the rate of interest on which annuities have recently been computed varies from 2½ to 3½ per cent, and these rates cover all costs of management, etc., but the Government rate still remains at 4 per cent, and to this must be added the cost of administration, commissions, salaries, etc., which means, according to the evidence given by Mr. Watson, that the interest rate which the Government is paying for the money, which it obtains through the sale of annuities, is costing from 6 to 6½ per cent. While there is some difference in the method of computation, yet all the evidence agreed that the interest rate is entirely too high.

With respect to the third and last point, namely, if the Annuities Branch might be better placed or amalgamated with some other department than that under which it is now placed: on this the committee makes no comment, feeling that this is a matter of Government administration and should be left in the hands of the Government. We may quote, however, the following from Professor MacKenzie's evidence:—

"We have in the Government service an Insurance Department, properly equipped with capable men whose business it is to understand such things as this. Whatever else we do with the Annuities Branch, it seems to me that if we are going to make any change at all, we should arrange for the closest co-operation and check-up between the two.... It does not appear reasonable that there should be no co-operation and check-up between the two departments. If provision is made for them to co-operate, I think we should be safe for the future."

Much the same opinion was expressed by Mr. Watson.

In view, therefore, of the evidence submitted, your committee recommends:—

(1) That up-to-date mortality tables be obtained and used by the department, said tables to be revised from time to time to keep them up-to-date; and

(2) That the interest rate upon which the annuities are based should not exceed 3½ per cent, this to include cost of administration, salaries and commissions, if any; and

(3) That the interest rate should be subject to change from time to time in accordance with the cost of money, as is done in the British annuities system (See Evidence); and

(4) That a continuous audit be maintained for the information of the Minister in charge of annuities and the Minister of Finance.

A copy of the evidence obtained is attached herewith.

All which is respectfully submitted,

F. B. Black,
Chairman.

On behalf of the committee I recommend the reading of the evidence by all who are interested in the question of Government annuities, how they have been handled in this country in the past, and how they may possibly be handled in the future. The committee did not think it advisable to incur the expense of printing the evidence, but several copies are available.

Hon. Mr. BLACK.

When I made the motion for the appointment of a committee I suggested the advisability of discontinuing the issuance of annuity contracts until an investigation was made, because of the evidently high rate of interest being paid by the Government for the money it is borrowing from annuity purchasers. I now wish to say that it would seem to be in the interest of the Annuities Branch and of Canada as a whole that additional contracts should not be issued at the present rates. I suggest to the honourable Minister that he bring the committee's report to the attention of the proper authorities.

Hon. J. A. CALDER: Honourable senators, may I add a few remarks to those that have been made by the chairman of the committee? Undoubtedly there exists a situation that should not be allowed to continue at all. It was shown very clearly before the committee that last year the country sustained an absolutely unnecessary loss of at least $400,000 through the sale of annuities.

Hon. Mr. BEAUBIEN: How much?

Hon. Mr. CALDER: Over $400,000 last year. For weeks, if not for months, the Annuities Branch has been swamped with applications for these cheap annuities. I call this matter to the attention of the honourable leader of the Government here in the hope that he may take it up with his fellow ministers without delay. In my opinion the situation should be corrected before the present session of Parliament ends. I estimate that if the existing rates are allowed to continue until the end of this fiscal year, so many contracts will be sold that the loss will be nearer to $1,000,000 than to something over $400,000, as it was last year. How much more than $400,000 that loss was the committee did not definitely ascertain. Some witnesses held it to be a great deal more. The exact sum is very difficult to compute. We are now approaching the close of the session, and it seems to me that authority should be given before prorogation to stop the issue of annuity contracts or to change the basis upon which they will be issued in the future.

Hon. Mr. MacARTHUR: I should like to ask the chairman of the committee how long it would be before new rates became operative?

Hon. Mr. BLACK: The committee is merely making a recommendation. It is for the Government to take action. The present rates remain in effect until changed.

Hon. Mr. MacARTHUR: Do you not think there will be an unprecedented rush to buy annuities, on account of the publicity given to the present rates?

The Hon. the SPEAKER: When shall this report be taken into consideration?

Hon. Mr. BLACK: I would suggest that it be put over until the next sitting, at least, so that honourable members may have a chance of studying it.

Hon. RAOUL DANDURAND: In the first place I wish to express thanks to the honourable gentleman who brought this matter to the attention of the Senate (Hon. Mr. Black), and who with his colleagues on the committee pursued the question diligently and compiled a report. I have had some inkling of the dangerous working of the Act. I am now fortified in my opinion by the report of the committee.

I shall bring the report to the attention of the Government and ask the Minister of Labour whether he cannot at this session bring down a short Bill to implement the recommendations of the committee, or at least exercise his discretion by suspending the granting of further annuities until such legislation is enacted. I shall emphasize this view to him and to the honourable Minister of Finance.

Hon. W. A. GRIESBACH: I fancy the conclusion arrived at by the committee is largely based upon the fact that to-day the rate of interest is very low. Some years ago a committee of the Senate took evidence on the working of the Annuities Branch, and at that time we were told the Government had for the past twenty years borrowed money at the rate of 4·60 per cent and annuities were costing 4·10 per cent; so the Government was making a profit of one-half of one per cent. Since then the rate of interest has tumbled to three per cent, and on this basis of course the annuity business is being carried on at a loss.

But the Government must take the long view of the matter. It would be unwise to interrupt the business suddenly without sound reason. I would suggest that before the Government takes action it satisfy itself that it must change the rate of interest on annuities because of the declining rate of interest on money. If it decided to make a change and then, because of the external situation, the rate of interest should rise to five or six per cent, the Government would have interrupted a really worthwhile business on grounds that had proved to be unsound. I suggest to the honourable leader of the House that he draw the attention of the Minister to the question whether or not the rate of interest is likely to remain at a certain figure.

Hon. Mr. BLACK: That point is covered in the report. We recommend that the same system be adopted here as obtains in Great Britain. There the rate of interest on Government annuities is based on the selling price of British consols, and it may vary from day to day. I am told, however, that as a rule the Annuities Branch revises the interest rate once a year. I may add that it does not put the proceeds from the sales of annuities into the Consolidated Revenue or other Government funds. It at once invests the money in British consols, and the fund is kept entirely free from Government control.

The Hon. the SPEAKER: It is moved by Hon. Mr. Black, seconded by Hon. Mr. Smith, that this report be taken into consideration at the next sitting.

Hon. Mr. CASGRAIN: Now.

Hon. JAMES MURDOCK: Honourable senators, I would ask that consideration of this report go over to the next sitting of the House. I think the discussion we have had is somewhat out of order, but in my judgment it presents another side of the picture. I have nothing but compliments to pay to the chairman of the committee, and I am not in much disagreement with what is contained in the report, though I think some of its implications are to a certain extent one-sided. However, I was very much surprised as a member of the committee to find the report was to be presented to-day. The chairman has given a satisfactory explanation, that he has to go away next week, and there was not time to have another meeting of the committee. I think the recommendations might in some respects have been different if the committee could have got together finally to analyse the report and determine on its form. That being the case, why hurry this matter by disposing of it to-day?

The Hon. the SPEAKER: It will stand as a notice of motion for the next sitting of the House.

Hon. Mr. BLACK: My original motion was for the next sitting of the House.

Hon. Mr. DANDURAND: Carried.

DEPARTMENT OF TRANSPORT BILL

FIRST READING

A message was received from the House of Commons with Bill 80, an Act respecting the Department of Transport.

The Bill was read the first time.

Hon. Mr. DANDURAND: With the leave of the House I move that this Bill be put down to be read a second time to-morrow.

The motion was agreed to.

DEPARTMENT OF MINES AND RESOURCES BILL

FIRST READING

A message was received from the House of Commons with Bill 79, an Act respecting the Department of Mines and Resources.

The Bill was read the first time.

Hon. Mr. DANDURAND: With the leave of the House I move that this Bill be put down to be read a second time to-morrow.

The motion was agreed to.

SPECIAL WAR REVENUE BILL

THIRD READING

Bill 76, an Act to amend the Special War Revenue Act.—Hon. Mr. Dandurand.

BRITISH NORTH AMERICA ACTS

PROPOSED JOINT ADDRESS—AMENDMENT AND MOTION NEGATIVED

The Senate resumed from May 27 the adjourned debate on the motion of Hon. Mr. Dandurand:

That the Senate do unite with the House of Commons in an Address to His Most Excellent Majesty the King, praying that he may graciously be pleased to give his consent to submitting a measure to the Parliament of the United Kingdom of Great Britain and Northern Ireland to amend the British North America Acts, 1867 to 1930, and the British North America Act, 1907, and that the Senate do insert in the blank space therein the words "Senate and."

Hon. Mr. DANDURAND: On Monday last I gave notice that it was the intention of the Government to amend the first part of the Address. One of my colleagues will now move the amendment.

Hon. A. C. HARDY: Honourable senators, when this Address came before the House for discussion some time ago the arguments of the right honourable leader of the Opposition (Right Hon. Mr. Meighen) and the subsequent inquiries I made convinced me that I could not support the resolution as it then stood. I based my conclusion largely, if not entirely, on the ground that it might set up means by which one province could discriminate against another by way of indirect tariffs. I considered that a very serious matter.

I want now to move the following amendment:

That the said Address be amended by adding at the end of paragraph 1 of clause 2A the following:

provided that such taxation does not favour or discriminate against the sales of any goods or articles of the growth, produce or manufacture of any province or of any country.

Hon. RAOUL DANDURAND: Honourable senators, on Monday evening I stated that I had consulted my colleagues. This it was naturally my duty to do, but doubly so in this case, because I had been urged in a very friendly and sympathetic manner by the right honourable leader on the other side (Right Hon. Mr. Meighen) to draw the attention of the Cabinet to an aspect of the matter which in his opinion called for considerable cogitation. The result of my conference is to be found in the amendment now moved.

I stated to my colleagues that I knew there had been some other objections, which might still be raised or considered by this Chamber. I intend to address myself for a moment to one of those objections, which has been very forcibly advanced in committee and in the Senate, namely, that it is inopportune to open the field of indirect taxation to the provinces, inasmuch as it would enable them to tax the consumer without his knowledge and would lead to continued inflation of the provincial budgets, when in reality every effort should be made to compress them.

I desire to point out to honourable members that the field within which the provinces can find ways and means of meeting their expenditures is not very extensive. They have gone about trying to find avenues or sources from which, under the British North America Act, they could raise income, and they have inevitably been drawn to the sales tax. It would now be very difficult to get them to retire from that field. I cannot say on the spur of the moment just what Ontario, for instance, collects by way of tax on gasoline, but I know that this year Quebec will collect $5,000,000 or $6,000,000—a substantial item in its budget. The provinces are reaching out in the field of the sales tax by making the retailers their agents for the direct collection of the tax from the consumer. It has been said that this form of levy would deter them from proceeding in a more noticeable way, whereby the people would more keenly feel the charge collected from them. If one looks at the income the provinces derive from this source, it becomes evident that they will not withdraw from the sales tax field, as in it they have found an effective method of reaching the taxpayer.

It has been stated more than once that the provinces should not be allowed to tax indirectly; that under such a method the people who would be forced to pay increased taxes

in the provinces would not realize that they were being taxed to such an extent. Well, I venture to say that argument covers the whole of the taxing activities of the Dominion. If it is bad to allow the provinces to collect by means of indirect taxes what they are at present collecting directly, could not the same condemnation apply to the Dominion Government, which derives its revenues largely from indirect taxation? The principle of a single tax has been enunciated, proclaimed and advanced by men versed in economics, yet we have so far found no other means of levying taxation on the people than the direct and the indirect methods.

I desire now to stress one point. The provinces are in dire straits. Not only have they been obliged in recent years to raise large amounts of money for the maintenance of the unemployed, but in the days of prosperity they were constantly urged by the people to extend their activities in the field of social legislation. They have had to provide and care for the widow and the orphan, and to pay their share towards old age pensions. They have spent large sums of money in the promotion of hygiene and for educational purposes. In view of the gradual growth of their expenditures year by year since 1867, it must be realized that they have been pressed by their people to enter upon fields of activity unheard of, and unthought of, in the days of Confederation. What is their situation now? Their budgets are unbalanced; in certain parts of the Dominion their credit is exhausted. The conference held here in December, January and February came to the conclusion that we should recognize and sanction what the provinces have been doing in the field of the retail sales tax, and that the provinces on their part should give to the Dominion Government a certain control over their expenditures if and when they came to the Dominion for help. These two features stand together. The Minister of Finance believes that if greater freedom is granted to the provinces in the field of taxation they may be able to balance their budgets, and that if they are able to balance their budgets their credit will be enhanced and the demands on the Dominion for the endorsation of provincial obligations will be reduced.

I have deemed the amendment of my honourable friend (Hon. Mr. Hardy) sufficient to appease the alarm of the right honourable gentleman (Right Hon. Mr. Meighen) and other members of the Senate who feel as he does with regard to indirect taxation. If it should appear that this amendment does not completely cover and safeguard the point the right honourable gentleman had in mind, which he explained fully when answering my motion for the adoption of the Address, I shall be absolutely at the disposal of himself and his colleagues in the matter of considering any modification they may propose.

Right Hon. ARTHUR MEIGHEN: Honourable members, I desire to address myself immediately and briefly to the amendment moved by the honourable senator from Leeds (Hon. Mr. Hardy).

Hon. Mr. DANDURAND: Have you a copy of it?

Right Hon. Mr. MEIGHEN: No, but I know the effect of it.

It is true that in the first opposition I offered to the motion that the Senate unite with the Commons in this Address I particularly emphasized the very feature which it is now sought to remedy by this amendment, namely, that each of the provinces, under the British North America Act, if modified in pursuance of the proposed Address, would have an opportunity to discriminate in favour of its own citizens and its own productions as against those of the other provinces of Canada. Frankly, I emphasized this feature for two reasons: first, because I thought it was the principal objection which could be raised—the most fatal of all; and, secondly, because in some way it had escaped the review of the measure in the other House. As a result of my observations and those of a similar character, the Address was referred to the Banking and Commerce Committee, and there, as is usually done, the Senate gave to the people generally an opportunity to make their representations.

Those who had the privilege of being on the committee, or who were in attendance at its meetings, will remember that the representations, though brief, were comprehensive and covered a very wide field. They were presented chiefly by Mr. Morgan, who spoke for the Canadian Chambers of Commerce. One of the factors of their opposition to the Address was the feature I had emphasized in this House. They took the ground that the proposal was objectionable in that respect, and seriously so; and they presented other arguments against it, including one that had not occurred to me at all, and those which had been pressed in the other House.

I shall speak first of the amendment, the purpose of which is to meet the situation in a most important regard. Afterwards I shall say just a few words on the general issue, for I am thoroughly persuaded that in dealing with it we are at the root of the gravest problem Canada has ever faced, and that instead of standing right up to it and meeting

it with a view to saving this nation, we are evading it, fleeing from it, seeking in some way to circumvent it, trying to postpone the evil day instead of taking steps to prevent its arrival.

As to the amendment of the honourable senator from Leeds (Hon. Mr. Hardy), which I know is offered in good faith, I want to say that it does not wholly meet the objection. The amendment states that a province, in exercising power to impose a tax on retail sales, shall not do it in such a way as to discriminate between goods which are the production of one province and those which are the production of another province or country. That would prevent discrimination on the basis of the place of production. If the ground or principle of discrimination were only the locality of production the amendment would be sufficient; but I call attention again to the enactment already passed by the province of New Brunswick, where the discrimination is not based on that ground at all. It says that if a company selling goods is a New Brunswick company or is controlled within the borders of the province, whether those goods are New Brunswick goods, Ontario goods or Quebec goods, they shall be taxed in such amount as the Lieutenant-Governor in Council in his wisdom thinks fit. That is the principle of discrimination adopted in New Brunswick, and in the result it would undoubtedly favour goods produced in New Brunswick and discriminate against goods produced in Quebec or Nova Scotia. The principle of the discrimination, the rock upon which it rests, is not the locus of the production, but the ownership of the company.

I think I need not express any apprehension, certainly not to the honourable senator from Leeds (Hon. Mr. Hardy), that in this Dominion we are going to permit, if we can avoid it, discrimination by any province against persons or companies doing business within its boundaries, but whose home or locus is elsewhere in Canada. Is it likely we shall maintain the integrity of our Dominion if to-day one province, and to-morrow another, may say, "Companies owned here, whose personnel have votes and political influence within our boundaries, shall be favoured over companies whose owners are in another province and whose employees only are here"? Discrimination of that character could go on without limit under the amendment suggested by the honourable senator from Leeds. Discrimination of that very character is now in effect, if legal, in the province of New Brunswick. I know, as I have already said, that the New Brunswick legislation will result in a measure of discrimination in favour of local products; and I believe that if this amendment carried such legislation would never be held to be ultra vires. Even if that legislation should result in no discrimination between products of New Brunswick and those of another province, surely neither House of Parliament would want legislation of that character legalized. Power to enact such legislation would enable any province virtually to shut its doors to the business activities of companies owned in any other province. We surely do not want a system like that. It would multiply and intensify feelings of isolationism or separatism within each province and lead to disintegration of the Dominion.

I will say at once that the amendment suggested by the honourable senator from Leeds could easily be extended so as to cover entirely the objection in respect of discrimination. If it were so extended the Address would be without that factor which I consider the most objectionable of all.

Hon. Mr. DANDURAND: I have invited amendments.

Right Hon. Mr. MEIGHEN: Yes.

Now I proceed to the general issue. I am going to review one or two other objections which I personally urged because I think they are very important, though I did not stress them so much as I did the one with which I have just dealt.

This proposed change would multiply duplication of taxation in the same fields on the part of the Dominion and the provinces. Duplication does not bring in a whit more money to take care of the aggregate burden of Canada, provincial and federal, but it does greatly increase the cost of administration, and also the cost of doing business. Already the existing measure of duplication is so burdensome and annoying that business everywhere is discouraged and is labouring under an unnecessary and extravagant handicap which is to almost all of it a subject of despair. Whole sections of business are taken up with answering demands of various governments with a view to taxation. The remedy is a division of the spheres of taxation, not an increase in the duplication. I do not want to dwell too long upon any single phase.

Here is something else, brought out before the committee by Mr. Morgan, the representative of the Canadian Chamber of Commerce. He said it was important that with respect to any method of taxation the public should know what it is paying. The honourable senator who leads the Government remarked, "If it is wrong to tax in such a

way that the public does not know specifically what it is paying in respect of each assessment, we are doing wrong all the time, for that is the kind of taxation the Dominion Government imposes." That is true. The federal sales tax is of that character. It is levied at the source and is passed on to the people, who for the most part do not know in a specific way that they are paying it. It would be far better to levy our sales tax so as to make the taxpayer tax-conscious. I wish that were done, though I do not know how it could be done. In the present instance we are invited to extend the principle of concealing taxes. Why should we do so? Mr. Morgan pointed out that retail stores in Montreal had been subjected to a provincial sales tax, which was paid by the consumers. Under our present Constitution that is the only method by which the province can tax these particular consumers. Mr. Morgan's firm, like every other retail establishment in Quebec, has to show the specific tax on the customer's bill. The customer is told, "You are paying so much to the province of Quebec."

Hon. Mr. DANDURAND: Or to the city of Montreal.

Right Hon. Mr. MEIGHEN: Yes. As a consequence the consumer becomes, as Mr. Morgan put it, tax-conscious, and he realizes the value of economical administration in government. If there is anything that we really need in Canada it is a tax-conscious electorate.

The trouble in this Dominion is that our treasuries are under control of the tax receiver rather than of the taxpayer. We have a vast army of tax receivers, in every field, wherever the eye turns—all voters, all militant —and they are virtually in control. It is really because of the control they are exercising that we have this Address.

The Minister of Finance is driven to his wits' end. I know he is acting in absolutely good faith. He has the problem of dealing with provinces who are defaulting or threatening to default, and who, when he invites them into a Loan Council, say they will not come in unless they are given the right to impose taxes which the public will pay without knowing it is paying them. What is the Minister of Finance to do? He takes hold of the first plan that promises a means of postponing the evil day. But if we adopt the plan proposed here we shall in a very short time be in a worse position than ever.

We must bring about in this country a condition wherein business, especially the great construction enterprises, will have free play to operate. By doing so we shall make it possible to employ many men who are now unemployed. In every one of our provinces social services are taking care of idle people and looking after a great variety of what are called needs, to such a degree that the old element of self-reliance, which is the basis of civilization, is almost extinct. Provincial representatives come to the Minister of Finance and say: "We cannot carry on these social services unless we get this means of taxation. If we do not carry them on, we shall be beaten by the electors." They are probably telling the truth. But must we not face the fact that they and their successors in time will be rejected by the electors? What we should really be concerned with is giving the nation a chance to survive and to maintain its integrity. We must take a grip on the existing situation. We ought to have social services which we can honestly afford, and no more. The provinces have to be told that. The adoption of any amendment such as is proposed here would only mean postponing the day when they must be told.

I know that to defeat this resolution will be an unpopular move. The provinces will be opposed to such a step. But would it not be a service to the Government? It could then say to the provinces: "This thing cannot go through. The public is against it. Taxpayers are opposed to it. And, after all, Canada is dependent upon taxpayers rather than tax receivers." Surely it would be an assistance to the Minister of Finance to arm him with a straight negative, by means of which he could tell the truth to the provinces.

The hour has come when we must look facts in the face, when we must realize that if we continue to go on in the direction of increased taxation we shall have more and more unemployment, with greater power in the hands of the unemployed. The situation is such to-day that in many lines of activity people cannot be obtained to do necessary work. There is a dearth of real service and workers where service and workers are needed. Not only are great masses being rendered incapable of employment, but they are determined they shall not be employed. Ask some people who advertise in vain for help when lists of persons unemployed and on relief contain names of thousands of the very type of workers desired.

For these reasons, which I think are more powerful than any others that could be advanced in the premises, I am opposed to the amendment and to the Address.

Hon. Mr. HARDY: Needless to say, I am much impressed by what the right honourable leader on the other side has said as to the

probability of taxes being imposed by any province upon persons or companies domiciled in another province. To the amendment that I have already moved I would suggest an addition, worded somewhat like this:

or in favour of or against any person, partnership or company domiciled in another province or country.

I would move that addition to my amendment, unless something better can be suggested.

Hon. Mr. DANDURAND: If notwithstanding the proposed amendment which is now before this Chamber my right honourable friend opposite speaks to-day for those who voted in favour of the adoption of the committee's report, it is useless to prolong the debate.

Hon. Mr. GORDON: Hear, hear.

Hon. Mr. DANDURAND: For my right honourable friend says he is opposed not only to the original Address, but also to the Address at it would be changed by the amendment of the honourable senator from Leeds (Hon. Mr. Hardy). Under these circumstances, in order that the country may be apprised of the position the Senate takes, I ask for a division.

Hon. L. COTE: May I ask the honourable leader of the Government whether the consent of the provinces to these various amendments has been obtained anew?

Hon. Mr. DANDURAND: I expected some honourable member would put the question. I was informed by the honourable Minister of Finance, and I agreed with him, that there was no necessity to consult the provinces on an amendment which simply carried out the understanding between them and the Dominion Government.

Hon. Mr. COTE: Of course, the honourable leader will realize that my question was based on complete ignorance of the exact terms of the understanding with the provinces. We have never seen it.

Hon. Mr. DANDURAND: The understanding is embodied in the Address itself.

Hon. Mr. COTE: We have never seen the understanding.

Hon. Mr. DANDURAND: But my honourable friend has the Address before him.

Hon. Mr. COTE: I understood the honourable leader to say the other day that a draft of the resolution as a whole had been submitted to the provinces, and that they had initialled or signed it. I am wondering how far we can go, without the consent of the provinces, in drafting either the amendment moved by the honourable senator from Leeds (Hon. Mr. Hardy) or other amendments.

Hon. Mr. DANDURAND: I think we might well take the responsibility of clarifying the end we have in view in the Address without in any wise touching the underlying principle. We are dealing with the first part of the Address. Nothing is taken from the provinces in the Address as amended. It has been alleged that if the provinces knew of the possibility of interprovincial tariff walls being raised they probably would not insist upon their decision to join with the Dominion in suggesting that the British North America Act be changed. The amendment now before us would have the effect of protecting each province against the others without preventing them from entering the field of indirect taxation.

Hon. JAMES A. CALDER: Honourable senators, during the course of the next few years we are likely to have before us for decision a question somewhat similar to this —the question of amendments to the British North America Act.

Hon. Mr. DANDURAND: More especially if the Supreme Court decides certain Acts to be unconstitutional.

Hon. Mr. CALDER: I think it is very important that on such an occasion as this we should have very clear evidence of the assent of the provinces. Personally I look upon Confederation as a pact or agreement. The opinion is held almost universally that Parliament should not undertake to change the Constitution without the consent of the provinces. We have no clear, definite evidence of the assent of any province to this Address. True, we have the word of the honourable leader that the premiers of the provinces, in a conference with the Dominion Government, did reach an agreement. For whom did they agree? Where is the agreement? I have not seen it, and no other member of this Chamber has seen it. I say Parliament is on very dangerous ground when it undertakes to amend the British North America Act without having clear, specific, definite evidence of the consent of the provinces. I would suggest that when we come again to deal with any question of this kind the Government should see to it that that evidence is placed before both Houses of Parliament.

I understand the honourable leader of the House has clearly and definitely disclosed, and we all admit, that a dangerous situation has arisen. All the provinces, without exception, are in difficulties. The honourable Minister of Finance is greatly perplexed as to how the

situation shall be met. He has by every conceivable means endeavoured to meet it. This condition is not new. It has existed during the past three years, and probably all do not agree with the manner in which the late Administration dealt with it.

I think the proposed amendment to a large extent meets the situation, but only in one aspect. However, if this resolution does not pass—make no mistake—the question will arise again. It will probably come up in some way that we do not like; nevertheless the problem will have to be met. I have no doubt that this House would be well advised not to proceed with this Address, nor do I think it would be wise for Parliament to proceed with it, at the present time. Before next session let the Dominion and the provincial governments have another conference, and let there be a clear, distinct understanding with the provinces as to what is required in regard to changing the fields of taxation as between the Dominion and the provinces.

At the present time we have a federal sales tax and a provincial sales tax, and in the city of Montreal there is a municipal sales tax. If we are to have a continuation of the sales tax let there be but one collection, so that every business establishment will have to keep but one set of tax accounts instead of two or three. Business men tell me that the keeping of multiple sales tax accounts is very burdensome, especially in Montreal, where the merchants have to maintain separate accounts for municipal and federal purposes, and probably for the province. Merchants say it is a terrible handicap on business. Let us have one sales tax and distribute it, if necessary, among the municipalities, the provinces, and the Dominion. Let it be levied by one authority, as is done now in Ontario with respect to provincial and federal income taxes.

I repeat, the Government itself and Parliament would be well advised to let this matter rest for one year in order to give the provinces and the Dominion an opportunity of getting together and coming to a definite, clear-cut agreement, so that we may know exactly what the provinces desire.

Hon. Mr. HARDY: I should like to add to my amendment the following words:

or in favour of or against any person, partnership or company domiciled in another province or country.

Right Hon. Mr. MEIGHEN: No objection at all.

Hon. Mr. McMEANS: Honourable senators, I am here as one of the representatives from Manitoba. I have had no communication whatsoever from the Provincial Government, and I do not want to vote until I know the views of my province. If the Legislature of Manitoba desired this proposed legislation, that fact would be known to the members of this Chamber, particularly to members who represent the province of Manitoba. Without knowing the views of the Provincial Legislature, I cannot take the responsibility of voting for this motion.

Hon. Mr. DANDURAND: Honourable senators, may I answer my honourable friend? The Dominion Government in presenting this Address to Parliament has declared that it is the result of a conference in which Manitoba and the other provinces participated. The Address has been passed by the House of Commons, in which Chamber Manitoba has representatives, as have the other provinces, and at this date, two or three months after its introduction in the other House, not one province has, through its government, suggested, directly or indirectly, that the Address is not the embodiment of the will of all the provinces. Surely at this stage we cannot question the authority of the honourable Minister of Finance to speak for that conference. I admit there is some force in the statement of my honourable friend from Saltcoats (Hon. Mr. Calder) that at future conferences a statement should be issued under the signatures of all the provincial representatives; but I suggest that at this late stage we cannot doubt the assertion that this Address is the child of the Dominion-Provincial Conference. Surely there is sufficient security in the loyalty of the public men of this country to justify us in accepting the statement of the Government that in this instance it speaks for all the provinces.

Hon. C. E. TANNER: Honourable senators, notwithstanding what my honourable friend the leader of the House has said, I am not at all convinced that the Government of Nova Scotia would take the responsibility of asking for this legislation. If there is anything printed or written indicating that that government has so committed itself, I should like to see it; indeed, I think we have a right to demand its production. If there is nothing written or printed showing that the provinces are asking for this legislation, then I feel myself just as free to believe that they will repudiate it as my honourable friend is at liberty to believe they will not.

I am bound to say that, speaking for Nova Scotia, I am still against this Address. I was against it as originally presented to this House, and I am against it now in its amended form; lock, stock and barrel.

If the Government of Nova Scotia wants to impose more taxes, it has all the power

it needs. It can impose direct taxes. Then the taxpayers will know they are being taxed. Under this system the Provincial Government can impose taxes and the people will only know that they are paying indirectly. The Government now in office in Nova Scotia distinctly assured the people of the province in 1933 that their taxes would be reduced. I cannot believe that a Government with such pledges hanging over its head would ask my honourable friend opposite to give it power to impose additional burdens in the form of indirect taxes.

Hon. Mr. DANDURAND: Has the Nova Scotia Government balanced its budget?

Hon. Mr. CANTLEY: It promised to do so.

Hon. Mr. TANNER: It has not done so yet. There are two ways of balancing a budget: one is by imposing more taxes, the other by reducing expenditures. The Government of Nova Scotia has not given the slightest indication that it intends to reduce expenditures. Never for one moment, apparently, has it considered the question.

My honourable friend opposite, with a smiling countenance, asks us to give the provincial governments power to impose more taxes on an already over-taxed people. To-day cities and towns in Nova Scotia report appalling arrears of taxes. I know little towns in the province with an assessment of about $40,000 a year which have outstanding $10,000 or $12,000 of taxes. They simply cannot be collected. How in Heaven's name can the taxpayers of the province be expected to pay more taxes if the Provincial Government is given power to impose further taxation? Most assuredly they cannot pay additional taxes. There is only one course open to our provincial governments: they must cut down expenditures and live within their means. It is futile for them to endeavour to wrest more dollars out of the almost empty pockets of the taxpayers.

Yesterday I received another of the very interesting pamphlets, issued every now and then, containing a series of Front Page Editorials by Frank Carrel, editor of the Chronicle-Telegraph, Quebec. Let me quote one of these editorials under the title of, "How It Works out":

> More of our industrial companies are disclosing to their shareholders how much, per share, their companies are paying in taxes. This is bringing home to the investors that their income taxes, large as they may seem to be, are but a portion of what they pay indirectly. The Twin City Rapid Transit Company, which ceased to pay dividends, is now paying out in taxes an amount equal to $4.28 per common share. A person owning 100 shares is indirectly contributing $428, per annum in taxes, without a dividend in sight.

Scores of companies in Nova Scotia and other provinces are paying in taxes as much as 30 and 40 per cent of their income, and their shareholders are not getting a five-cent piece. If the provinces are invested with power to levy indirect taxes, individuals and companies will suffer. To-day they are regarded by all governments, provincial as well as Dominion, as easy targets. The maxim appears to be: tax the corporations, whether the investor is getting a dividend or not.

I repeat, I am against this proposal. I believe the people of Nova Scotia are against it, and, as I said on a previous occasion, I am confident that, given an opportunity, they would vote against my honourable friend's motion as amended. Why? Because they feel that they are over-taxed now. The remedy they are looking for is a reduction of debts and a reduction of taxes. Therefore I am not going to vote for this motion, no matter how it is amended.

Hon. L. COTE: Honourable members, so that there may be no misunderstanding, I wish to add just a word which has been suggested to me by the question asked of the honourabe leader of the Government a moment ago. I accept his word, of course, that the consent of the ministers of the provinces was obtained by the Government before the resolution was introduced. Naturally my question went only to the amendment. Personally I feel that I should vote—and I will vote—against the resolution as a whole. I will vote against the first part of it for the reasons given by the right honourable the leader of this side of the House (Right Hon. Mr. Meighen), and I will vote against the second part for reasons that I gave the other day, which I do not need to repeat at this time.

There is one point, however, that I wish to emphasize. It is my conviction that, unless a resolution of the Legislatures is produced before us, I as a member of this House should not lend my support to any amendment to the Constitution which would result in an imposition of taxes by a local legislature in pursuance of a power which it does not now possess. I submit that the executive in any province, the Cabinet, has no authority to rewrite the constitution of a legislature in such a way as to modify its power. I submit that procedure similar to that adopted by this Government in presenting this very resolution to both Houses of Parliament—in other words, coming to the legislature of the Dominion—with a petition to the Mother Country for power to amend the Constitution, should in all propriety have been followed by the provinces in order to safeguard their

rights and give a sense of security as to the future.

Some Hon. SENATORS: Question!

Hon. Mr. DANDURAND: I would readily agree to the principle laid down by my honourable friend on any matter which would in the slightest degree invade the privileges of the provinces.

Some Hon. SENATORS: Question!

The proposed amendment of Hon. Mr. Hardy was negatived on the following division:

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Honourable Senators:

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Cape Breton)	Tanner
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Hon. Mr. BLACK: I was paired with the honourable senator from Westmorland (Hon. Mr. Copp); otherwise I should have voted against the amendment.

Hon. Mr. HORSEY: I was paired with the honourable senator from Regina (Hon. Mr. Laird). Had I voted, I should have voted for the amendment.

Hon. Mr. KING: Honourable senators, I was paired with the honourable senator from Kootenay (Hon. Mr. Green). Had I voted, I should have voted for the amendment.

Hon. G. V. WHITE: Honourable senators, I was paired with the honourable senator from London (Hon. Mr. Little). Had I voted, I should have voted against the amendment.

Hon. Sir ALLEN AYLESWORTH: Honourable senators, I was paired with the honourable senator from Red Deer (Hon. Mr. Michener).

Hon. Mr. BUCHANAN: I was paired with the honourable senator from Halifax (Hon. Mr. Dennis). Had I voted, I should have voted for the amendment.

The Hon. the SPEAKER: The question now, honourable members, is on the motion that the Senate do unite with the House of Commons. Is it your pleasure to adopt the motion?

Hon. Mr. DANDURAND: I would suggest that the vote on the amendment be reversed—unless any honourable member desires to change his vote.

Right Hon. Mr. MEIGHEN: No danger.

Hon. Mr. DONNELLY: I should like to call the attention of the leader of the Government to the fact that he has asked to have this vote recorded as reversed. It should not be reversed; the non-contents have it in both cases.

Hon. Mr. DANDURAND: I do not understand.

Hon. Mr. DONNELLY: The non-contents have the majority in both cases; so it would not be correct to ask to have the vote reversed.

Hon. Mr. DANDURAND: No. The amendment was lost.

Hon. Mr. DONNELLY: On the same division.

Right Hon. Mr. MEIGHEN: And the motion is lost on the same vote; not on the vote reversed.

The motion was declared lost on the same division.

BRITISH NORTH AMERICA ACT—AUTHORITY TO AMEND

DISCUSSION CONTINUED

The Senate resumed from June 3 the adjourned debate on the question proposed by Hon. Mr. Lynch-Staunton:

That he will draw the attention of the Senate to, and inquire of the Government, whether it is the intention of the Government to take steps to have legislation passed by the Imperial Parliament to the end that the Parliament of Canada shall have the authority to from time to time amend the British North America Act as it may deem proper.

Hon. ONESIPHORE TURGEON: Honourable senators, in rising to speak on this question I can only repeat what I said on many previous occasions, more particularly in 1925

that a change in our Constitution can be effected only by the unanimous consent of the provinces, as expressed by their respective legislatures. The motion to that effect which I moved in this Chamber in 1925 was approved by every honourable member present at the time. The generous appreciation then expressed for that motion still finds a response in my heart. On that occasion I disclosed my correspondence and understanding with Sir Wilfrid Laurier in 1906, and in conclusion I urged that no change be made in our Constitution without the unanimous consent of the provinces, as in the case of the British North America Act of 1907.

When the Confederation of Canada was first proposed two types of union were considered: a legislative union vested with supreme power over all matters of government through a central legislature; and a federal union. Sir John A. Macdonald at first favoured a legislative union. But he soon changed his mind, and he devoted his activity towards the achievement of a federal union, plans for which were carried unanimously at the Quebec Conference and later adopted in the form in which they appear in the London resolutions.

Our Constitution is a sacred contract between the provinces. This contract was to be placed in the custody of an authority that at all times would be invulnerable, and in this respect the Imperial Parliament was considered to provide the most reliable security.

In 1869, dealing with the question of better terms for Nova Scotia, Sir Albert Smith, of New Brunswick, said:

> No change of the Constitution can be effected except by the Imperial Parliament on an Address from the local legislatures of all the provinces.

Speaking in 1872 on the school question of New Brunswick, with respect to which I was taking an active part, the Hon. Edward Blake, of Ontario, said:

> The Imperial Parliament will never amend the British North America Act in the particular in which the motion asks, without the assent of the province affected.

Hon. Mr. HARMER: Hear, hear.

Hon. Mr. TURGEON: I now wish to quote statements made by some of the most respected authorities of the day in this country. The Dominion-Provincial conference announced in the Speech from the Throne of 1925 was postponed until November 27, 1927. As soon as the date was made public the premiers of the four eastern provinces made a solemn declaration that "no change in the Constitution shall be made without the unanimous consent of the provinces." They were Hon. Edgar N. Rhodes, then Premier of Nova Scotia; Hon. John B. M. Baxter, then Premier of New Brunswick and now Chief Justice of the King's Bench of the Supreme Court of New Brunswick; Hon. L. A. Taschereau, then, as now, Premier of Quebec, who is also a legal authority; and Hon. G. Howard Ferguson, then Premier of Ontario and afterwards, until lately, Canadian High Commissioner in Great Britain. The opinion of such legal authorities must be respected. At that time I was finishing the writing of some memoirs covering the period from 1871 to 1927, and I hastened to include their opinions. These will be found at page 510 of my work. I added this comment: "A chacun d'eux mes sincères éloges."—To each of them my sincere praise.

The conference committee which recently considered changes in the Constitution made this suggestion:

> When a proposed change is important the unanimous consent of the provinces will be required. But when the proposed change is not important, the consent of six provinces will be sufficient.

This is quite opposite to the views of authorities I have quoted. I am opposed to this proposition, for if a suggested change is not important all provinces will readily consent. If they do not consent it means that the requested change is against their interests.

Now, the main suggestion elaborated in the conference committee of representatives of all the provinces was the transfer of the safeguard of our Constitution from the Imperial Parliament to the Parliament of Canada, which would be given full power to make amendments. This will not, according to my information, receive the unanimous consent of the provinces. My belief is that it will not be concurred in by the Legislature of the province of New Brunswick, and most likely not by the province of Nova Scotia either. And without these two provinces there would have been no Confederation. Prince Edward Island will probably take the same stand that they do. They have suffered incessantly by reason of the attitude of large interests in the Western Provinces. Our eastern ports and harbours have been neglected, and products of the West have been shipped abroad through American ports on the Atlantic coast. The Maritimes are now under the unshakable impression that their position would become still worse if they were left under the exclusive control of the Parliament of Canada.

My chief purpose in desiring that our Constitution be kept under the guardianship of the Imperial Parliament is to see it preserved from the multiple jealousies of various political parties seeking to bring about a variety of reforms. I am afraid that in some circumstances they would show very little consider-

ation for the terms of the contract. We have heard men asking that the House of Commons should be authorized to make changes in the Constitution without consulting the provinces! Others say that the Canadian Constitution has never had any merit, that it was not framed in the interests of the country, that it is old and useless, and that therefore we should have another one. Some of these people have very little respect for the Fathers of Confederation. If their proposals were adopted we should hear talk of "secession" at every corner, just as we already hear and read of appeals for provincial autonomy, and in place of our Dominion we should perhaps have a union with the American States.

I am heartily in favour of the independence that has been extended to Canada by the Government of Great Britain with respect to all commercial relations with other countries. We can make treaties without receiving approval by the Government of Great Britain. I admire the noble and patriotic accomplishments of our Canadian Ministers who have pleaded for such a state of independence, as well as the Government of Great Britain which has conceded it. We have every reason to feel proud of the Statute of Westminster.

The Parliament of Great Britain does not on its own initiative make any change in our Constitution. It grants changes only as requested unanimously by the provinces; never otherwise. I consider that if we leave our Constitution in the custody of Great Britain, but only on that condition, our provinces will be protected for many years to come. The larger our population becomes, the more necessary will it be to maintain the separate identity of each province. Otherwise difficulties will arise. The Dominion is not placed in a position of subserviency or subordination because it is not the guardian of our Constitution and is unable to amend it at will.

The stand taken by the New Brunswick representatives at the last conference has often been misrepresented in the press. I wish to declare that that province will accept no changes which are not agreed to by all the provinces. The Attorney-General of New Brunswick, Hon. J. B. McNair, so declared at the conference, according to his published statement. I will take the liberty of reading part of what he said, as reported in the press at that time.

In 1867 New Brunswick, then a self-governing province of Great Britain, agreed to unite with Nova Scotia and the Province of Canada (Ontario and Quebec) in a confederation with a central government and parliament entrusted by those provinces with certain powers in order to carry out certain purposes and achieve certain objects. While New Brunswick surrendered some of her governmental functions and powers, she retained her full independence and autonomy in respect of all those other functions and powers which go with and are the indicia of self-government. She remained as before, a province of Great Britain, sovereign within her own sphere.

This agreement was sanctioned and ratified by the British Parliament and incorporated in the British North America Act of 1867. It is to be noted that because of conditions peculiar to themselves the provinces left the power to change the Confederation agreement in the custody and control of Westminster.

The real purpose of the new movement is to set up a new constitution in the form of a statute of the Canadian Parliament, which would entail very serious and far-reaching consequences. Under the new scheme New Brunswick would lose her status, enjoyed since her foundation in 1784, as a province of Great Britain and would become simply a territorial division of Canada. Her sovereignty would disappear. The intention to give to the Parliament of the Dominion power to invade the legislative field of the provincial legislature provided two-thirds of the provinces agree, can mean nothing less. By no stretch of the imagination could the Legislature of New Brunswick be held to enjoy sovereign rights when it might be shorn of its power without its consent. The Confederation established by the provinces in 1867 would cease to exist.

The Prime Minister of New Brunswick made a similar statement before prorogation of the Legislature, and no one attempted to contradict him.

It is thought in some quarters that all the provinces agreed at one stage to the present proposals. This is not correct, I am informed on reliable authority. It was clearly understood at the time of the Dominion-Provincial Conference last December that any participation in the consideration of such problems was not binding, and no conclusions would be considered binding until Parliament and the various legislatures had passed upon them.

It would be the view of the present Government of New Brunswick that no amendments to the British North America Act should be made until the legislatures of all the provinces had considered them.

In conclusion I take the liberty of suggesting that the present generation should make all possible effort to safeguard the destiny of Canada for future generations. In addition to those wrong aspirations which I have mentioned as existing in some corners of Canada, there are aspirations on the part of some Americans for a union with Canada. There is a growing sentiment in the United States towards bringing Canada within the Republic, in the belief that the union would promote the safety and happiness of all North America and of other nations. To people who hold such a view I make this reply. Two strong neighbourly nations covering the one continent, united in sentiment, are more powerful than only one, with the same total population, would

be. And the two are of more beneficial assistance to Great Britain, whose Government is now seeking more intimate relations with France as well as with the United States. Canada, with her dual races, French and English, could be a strong instrument in making possible the establishment of such intimate relations on a permanent basis. I therefore submit, honourable senators, that we should preserve our existing associations with Great Britain as well as with the United States.

I hope my remarks may meet with the approval of many honourable members. And in closing I desire to thank the House for the courteous manner in which it has listened to me.

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

SUPREME COURT OF CANADA

ABOLITION OF APPEALS FROM UNANIMOUS JUDGMENTS—MOTION—DEBATE CONTINUED

The Senate resumed from June 8 the adjourned debate on the motion of Hon. Mr. Casgrain:

That in the opinion of the Senate, a judgment of the Supreme Court of the Dominion of Canada, when unanimous, should be final except in constitutional cases.

Hon. J. P. B. CASGRAIN: This letter was addressed to me by Mr. C. S. Campbell. My honourable friend from Montarville (Hon. Mr. Beaubien) knew him very well. Mr. Campbell made a large fortune practising law—which is rather uncommon. He endowed Montreal with playgrounds for the children, and created a trust fund to provide open-air concerts in the public parks throughout the summer months. The trustee of the fund is Mr. Fred E. Meredith, K.C. Mr. Campbell wrote to me as follows:

My dear Casgrain—I have a copy of your speech in the Senate relative to the finality of Supreme Court judgments. What you say is very interesting and very much to the point.

Although I am pretty rusty in the law from not having followed the reported cases attentively of late years; it may interest you if I take the risk of approaching the matter from another standpoint.

The only authority for saying that an appeal from the Supreme Court to the Judicial Committee exists is the decision of the committee itself. Their real reasons no doubt were, as they generally are, matters of policy: the ostensible reasons contained in their orders or reports are rarely the real ones and no doubt that is why the views of dissentient members are never made public. Obviously a decision which is at once politic and of doubtful legality would not command any acceptance if dissentient members' views upon it were expressed. The expression of opinion by all the members is the real strength of any Appellate Tribunal, because if the views of the majority are of doubtful legality they hesitate to put them into language which may be attacked by other members of the court.

As the appeal to the Judicial Committee exists by the decision of the committee, so I have always thought that it would ultimately disappear not by legislation, but by the decision of another court, i.e., the Supreme Court.

I ask honourable senators to pay particular attention to the next paragraph:

Suppose for instance that an appeal is instituted from a decision of the Supreme Court dismissing a claim for the payment of a sum of money and that the Judicial Committee reverses the Supreme Court and condemns the defendant to pay the sum of money and that the defendant makes opposition to the execution of the judgment on the grounds that no such appeal ever existed, and that this opposition is carried through the courts until it reaches the Supreme Court and that the Supreme Court decides that it never did exist, —what then?

I am quite willing to refer that to the honourable senator from Montarville to decide: what then?

Hon. Mr. BEAUBIEN: Will my honourable friend allow me? Any objection to the jurisdiction of the Privy Council would be raised before the Privy Council, and the decision would be final.

Hon. Mr. CASGRAIN: The decision of the Privy Council would be final?

Hon. Mr. BEAUBIEN: Certainly.

Hon. Mr. CASGRAIN: But the defendant objects to the execution of that judgment, and the case goes back to the Supreme Court.

Hon. Mr. CALDER: And then to the Privy Council.

Hon. Mr. CASGRAIN: What then? I gave that to the right honourable leader of the Opposition (Right Hon. Mr. Meighen), so that he might not be taken unawares. It amused him to see how we were simply turning in a vicious circle, for there is no appeal from the Supreme Court to the Privy Council as of right; it is an appeal of grace.

Right Hon. Mr. GRAHAM: Permission.

Hon. Mr. CASGRAIN: Yes, that is all.

Hon. Mr. BEAUBIEN: Will my honourable friend permit me? In my province the opposition to a judgment is clearly indicated. For instance, suppose there is an attachment on a certain property. The proprietor—the wife, we will say—enters opposition. She may be right or she may be wrong, but that is a distinct case.

Right Hon. Mr. GRAHAM: That is a vicious circle too.

Hon. Mr. BEAUBIEN: The wife may be the proprietor and may win her case. If the amount is sufficient, there is no reason why the judgment should not be appealed to the last tribunal. The case is just as important as the first case, which gave birth to the judgment upon which the opposition is based. Apart from the specific reasons for which a judgment can be opposed there can be no opposition at all: the judgment must be executed.

Hon. Mr. CASGRAIN: I hope all honourable members are satisfied with the answer.

Right Hon. Mr. GRAHAM: It is worth all you paid for it.

Hon. Mr. CASGRAIN: The letter continues:

Except for the fact that, after the Supreme Court was instituted, warring politicians rather revelled in the superfluity of appeals, the appeal to the Judicial Committee might never have existed. So far from there being any appeal to the foot of the Throne as represented by the Judicial Committee, the British North America Act contains nothing that gives colour to such a theory and a great deal that does not. For instance by section 9 the Executive Government of Canada is declared to be in the Queen; not at all in the Queen and the British Privy Council. By section 11 there is to be a Canadian Privy Council. By section 17 again a Parliament for Canada consists of the Queen and two Houses. As far as the use of statutory language is concerned, that is just as broad a statement as it would be to say that the Parliament of Great Britain consists of the Queen and two Houses. You will note also certain reservations and incidental matters that tend the same way. For instance by section 55 the Queen's pleasure need not be exercised by the Governor General. He might reserve the Bill for the signification of her actual pleasure, thus showing that she was an integral part of the Government of Canada. Again, under section 9, supposing that the King was actually in Canada, would not the functions be exercised by himself and not by any Governor General? Under 56 the old colonial status was broken up and instead of providing that correspondence is to be with the Colonial Secretary it is provided that it is to be with one of Her Majesty's principal secretaries of state. In other words, Canada could correspond with the Foreign Secretary or the Secretary of State if it were convenient to her to do so. There is also in section 132 a provision giving the Parliament of Canada the power to perform obligations of Canada, as a part of the British Empire, towards foreign countries arising under treaties between the Empire and such foreign countries. This evidently contemplated treaties of an entirely different nature from treaties between foreign countries and the United Kingdom. The use of the words "Empire" and "British Empire" instead of the "United Kingdom" is very suggestive.

Whilst writing in this connection, you may notice that in section 1025 of the Criminal Code the Parliament of Canada assumes, and I think rightly, that, if it be necessary to deal with the Royal prerogative, it is the Parliament of Canada that can do it, and it does by this section do it in the sense of removing any doubts as to whether criminal appeals can be made to the Judicial Committee, a view that is quite inconsistent with the view of the Judicial Committee that its board is the foot of the Throne for Canadian purposes. If, in view of the British North America Act and of the statement that there may be a general court of Appeal for Canada there could be any argument that an appeal still lay to the foot of the Throne, it would seem to me to be a consequence that such appeal would lie to the King, to be referred by him not to the Judicial Committee, but to His Privy Council for Canada.

However, so far as I could ever see, the words in the British North America Act "a general Court of Appeal for Canada" really mean what they say. It would not be a Court of Appeal strictly speaking if it is only an intermediate Court. You will notice that it is never suggested in England that there is an appeal to the foot of the Throne from the decisions of the House of Lords, although if the reasoning of the Judicial Committee about the prerogative and the "foot of the Throne" be correct it would apply just as well and just as much to the House of Lords as to our Supreme Court.

Excuse my troubling you with this long screed. When I began it I did not think to get so far as I have.

Yours sincerely,

C. S. Campbell.

Mr. Campbell is in favour of a unanimous judgment rendered by the courts here, claiming that it would carry greater weight and be better accepted than a judgment given by a majority of the appeal judges. That is why I use the word "unanimous" in my motion.

I have put before this House letters from three outstanding legal gentlemen of the city of Montreal. Can anyone suggest a stronger trinity of lawyers than Eugène Lafleur—since deceased—Aimé Geoffrion and C. S. Campbell? I leave that question with the lawyer-members of this House from Montreal. I do not think any lawyers stand higher in our province than those three, and they are unanimous that appeals to the Judicial Committee of the Privy Council should be restricted.

In this connection I may as well put on Hansard this letter from Mr. Aimé Geoffrion:

My Dear Senator,—I have read with much interest what you said in the Senate on the advisability of restricting the appeals to the Privy Council.

Of course, you could deal only with the appeals from the Supreme Court, as the question of the appeals from the provincial courts is a provincial matter.—

Hon. Mr. McMEANS: I am afraid the honourable gentleman is mistaken. I speak subject to correction, but I think it is a question of leave to appeal from a provincial court direct to the Privy Council. It is not a provincial matter at all.

Hon. Mr. CASGRAIN: The honourable gentleman from Winnipeg is perfectly right:

you can appeal from a provincial appellate court to the Privy Council without ever going to the Supreme Court. But if you do go to the Supreme Court you must get leave to appeal as a matter of grace. The letter continues:

I agree with your conclusions and in fact will go further. I do not believe in the appeal, whether the court is unanimous or divided, nor do I believe in it even in constitutional cases....

Whether, as suggested by Senator Belcourt, or not a federal statute expressly abolishing the prerogative right that the Privy Council exercises of allowing appeals from the Supreme Court would require to be confirmed in London in order to be absolutely binding is, to my mind, a question of secondary importance. If Parliament express the wish that there be no more appeals, even of grace, to the Privy Council from the Supreme Court, an Imperial statute could easily be passed; in fact, such a statute would not even be necessary; the Privy Council would comply with the wish of the Canadian Parliament.

Yours truly,

Aimé Geoffrion.

The Supreme Court was established here in, I think, the month of March, 1875. The Bill was assented to by the then Governor General, Earl Dufferin, but he referred it to the pleasure of Her Majesty. It was not until sixteen months afterwards that Lord Carnarvon, Secretary of State for the Colonies, wrote that the law officers of the British Parliament could not advise Her Majesty to disallow the Bill. It must be remembered that after the court had been organized and the judges appointed, their salaries were being paid, but no business could be done for fear, forsooth, that the Act might be disallowed. Then who would be responsible for the costs of suitors who had appeared before the Supreme Court? Mr. Blake had to take a trip to England to see the Imperial authorities and show them the number of cases waiting to be heard before the Supreme Court, because action could not be taken until the Imperial Government had actually decided that it could not advise Her Majesty to disallow the Bill.

I imagine honourable senators are pretty well tired of hearing citations of clauses 91 and 92 of the British North America Act. In reference to the subject-matter of my address clause 47 of the Supreme Court Act is very interesting. It is the clause creating the Supreme Court and doing away with appeals to the Privy Council. That is why it was referred to Her Majesty for disallowance. The British law officers actually submitted to Mr. Blake a new clause 47. After mature consideration he refused to accept it, as it would still leave an opening for appeals to be taken to the Privy Council. He would have none of it. Clause 47 described the Supreme Court of Canada as a court of final resort. The substitute clause provided that if the parties to a case were not satisfied they could still appeal to the Privy Council.

Mr. Blake prepared a memorandum for the British law officers. The distinguished senator from North York (Hon. Sir Allen Aylesworth) was at one time Minister of Justice, and I am sure if the memorandum is in the archives of that department he will know where to find it. I am confident that if he reads it he will be convinced that I am not far wrong in saying that Mr. Blake took the position which I have stated. It is hard for me to quote from memory his exact words.

This is the very curt letter to the Earl of Dufferin:

My Lord,—I have the honour to inform you that Her Majesty will not be advised to exercise her power of disallowance with respect to the Act of the Legislature of Canada, entitled "An Act to establish a Supreme Court and a Court of Exchequer for the Dominion of Canada," transcripts of which accompanied your Lordship's despatches No. 93 of the 9th of April, 1875, and No. 147 of the 8th November last.

I have, etc.,

Carnarvon.

He was not at all pleased to have to give in, but he had to do so.

Mr. Blake gives many good reasons. He says:

Now what course may a litigant be expected to take who has recovered judgment for £500 and who learns that his adversary's threatened appeal to the Privy Council will involve, firstly, a delay of between two and three years—

Honourable members know that is true.

—secondly an advance of over £500, which he must raise meantime, and upon no part of which can he recover interest; thirdly, an inevitable loss in extra cost of over £112 10s. altogether independent of the possibility of the success of the appeal, in which case he will lose, besides his claim, over £1,000?

And he is seeking only £500.

It is quite clear that to throw off a large part of a just demand must be better than to resist the appeal, and accordingly I am informed that this course is expected by those who apply for leave to appeal in the majority of cases, and that their expectations are realized.

The paper proceeds to observe that Canadians are by no means the only parties to suits in Canadian courts: that every British subject who has invested money or bought property in Canada is equally interested in the administration of justice in these provinces; that these investments have been made in the belief that the rights of British subjects in Canada are protected, not only by the courts of Canada, but by an ultimate appeal to the Queen in Council, and that to abandon this appeal would be to place these rights in entire dependence on the authority

of a Canadian judicature. This is in effect a repetition of former arguments already discussed, and it practically presumes that British subjects and foreigners would not receive justice at the hands of the Canadian judges, while it affirms that the Canadians would receive justice at the hands of the British court.

Besides it is to be remembered that the legislative power is after all the controlling power, and that if (which I utterly repudiate) there is danger of injustice being done in Canada to non-residents, that danger is obviously infinitely more likely to accrue from the legislative Acts of a small local popular legislative body than from the solemn judicial decisions of the Supreme Court of Canada. Yet no such danger is apprehended from the more likely source; its apprehension from the less likely source is a baseless imagination.

The paper concludes by an observation that as there is no disposition on the part of the Privy Council to favour frivolous or vexatious appeals, there seems to be no objection to Lord Carnarvon's suggestion.

Honourable members will see that Hon. Mr. Blake, the Minister of Justice, says that whenever the Canadian people thought that cases should be decided with finality in Canada that settled the question, and it should not go beyond that.

Then there is a long argument about the judges being impartial because they are a long way from here, and not mixed up in our affairs.

I do not wish to weary the House, but here is the statement of the Hon. P. B. Mignault, M.R.S.C., who has written many very learned books on the law, and whose reputation extends beyond the boundaries of our country. Last year, when he visited Europe, they even went so far as to make him a Doctor of the University of Paris, a distinction which has been conferred on no other Canadian. This long dissertation covers thirty-seven typewritten pages. I would not ask my worst enemy to wade through it, though I have done so myself. In it the Hon. Mr. Mignault says the Supreme Court of Canada should be the court of final resort. In an address he said: "Et, je l'ai déjà dit, en droit constitutionnel le fait l'emporte souvent sur le droit."—In constitutional cases the fact overrides the law.

Hon. Mr. DANDURAND: What is that?

Hon. Mr. CASGRAIN: Of course, I am not a lawyer. It is underlined.

Hon. Mr. DANDURAND: In constitutional law the fact often overrides the law.

Hon. Mr. CASGRAIN: If it is going to happen often, I am satisfied.

Here is a letter from Judge Mignault which I draw to the attention of the distinguished member for North York (Hon. Sir Allen Aylesworth). I am sorry to say that I shall have to read it in French. Having overlooked the word "often," I would not dare translate this letter. It says:

(Official Translation):

The claim is made that this appeal is a "bond of Empire." Just what is meant by that expression? Quite likely one would be hard put to it to give it a precise and definite meaning, since doubtless there enter into it certain imponderabilia which defy precise definition. Nevertheless, while something vague, intangible even, is implied, I believe that this argument, of a rather sentimental nature, is the strongest bulwark in the Dominions with respect to the jurisdiction of the Privy Council in matters of appeal. It is said, and truthfully said, that this tribunal presents an imposing spectacle, sitting without ostentation, as it does, in a modest chamber in Downing Street and judging appeals from all corners of the British Empire, or "Commonwealth."

It is said to be very imposing, but I am not so sure. I was there last summer and saw it, and nothing happened to awe anybody.

(Official Translation):

But if we must speak of the real bonds which unite the Dominions to the Mother Country, these bonds will remain, still the same, when the right of appeal to the Privy Council will have disappeared, if perchance it should disappear some day. This tribunal which to-day exercises its rather exceptional jurisdiction, for the mere costs of the appeal, was not provided for by the terms of the British North America Act; its authority is derived from an imperial Act prior to our organic law; and the said imperial Act ceased to be binding upon us when the "Statute of Westminster" was enacted. In the language of the Privy Council itself, in the case which I have just quoted: "such appeals seem to be essentially matters of Canadian concern." The only tangible "bond of Empire" which exists to-day, and this is acknowledged in the preamble to the Statute of Westminster, is the allegiance which every Dominion owes to the same Sovereign, and which Canada, needless to say, is not in the least inclined to question. The cohesion of the Empire is in no sense dependent upon our trials being judged through an appeal to a British tribunal.

Third argument. Those who favour the right of appeal to the Privy Council never fail to point to the eminent jurists who compose that court, adding that the object of litigation is so far removed that one may feel doubly sure of the absolute impartiality of the tribunal in Downing Street. I do not feel so sure that this remoteness is a real advantage. In most cases the Supreme Court is itself far removed from the starting-place of the trial. But this very remoteness may, at times, bring about misunderstandings. That is why the higher courts, in many cases, rely upon the facts as set forth by the trial judge who has personally heard the parties and their witnesses and who, if I may be allowed the expression, has breathed the atmosphere of the trial. One thing is sure, and that is that the fact of being far away is no guarantee of impartiality, should there be need of any such guarantee.

In this connection, I would draw the special attention of the honourable gentleman from North York (Hon. Sir Allen Aylesworth) to the statement of Lord Brougham, who died in 1868, when eighty years of age. He was famous when he was only twenty. For sixty years he was one of the most important and great lawyers of England. He was also a most distinguished member of Parliament. Speaking of the judges of the Privy Council, he said that he knew of no more inadequate court to decide any case. Those are the words of Lord Brougham. He must have been a very popular man, and a man of fashion, for we all know that he was the first to use a certain kind of carriage, which is now called a brougham, and everybody wanted to have one of these most convenient and stately carriages. What does Lord Brougham say? He says:

> You cannot find two colonies that have the same laws, the same customs and the same habits, and these judges sitting in the Privy Council know only what the lawyers before them tell them about those things.

Custom often supersedes the actual law. How can these judges decide as to custom? I admit that they are very clever men: they can deliver a judgment upholding one side of a question and give reasons in support of it; then they can reverse that judgment and give just as good reasons for their judgment the other way. They did that in the Labrador case.

Hon. Mr. DANDURAND: You may be charged with contempt of court.

Hon. Mr. CASGRAIN: All right. I am willing to go over there. It would be a pleasant trip.

A few moments ago I was referring to the Hon. Edward Blake. He was not very popular in the House of Commons, because he made such thorough explanations. Justin McCarthy, who wrote "A History of Our Own Times," said that on one occasion he walked out of the House of Commons to have a smoke while Mr. Blake was uttering a phrase, and after having finished his smoke he returned to find Mr. Blake still on the same phrase.

Here is a very important point. If Parliament or the legislatures can abolish appeals in criminal cases—and such appeals have been abolished, for in the past year the Privy Council refused on that ground to hear a case—it follows that they can abolish appeals in civil cases. I do not think there is any doubt about that.

In many cases the Privy Council has not protected the rights of minorities in respect to matters of language or religion, even when the Supreme Court of Canada has been unanimously in favour of protecting such rights. For instance, on the Manitoba School Question the Privy Council reversed the Supreme Court and gave a judgment that was absolutely useless to the minority in Manitoba. Mr. Justice Mignault does not believe that more protection will be granted to the minority in future than has been granted in the past. In fact he is inclined to the opinion that the Privy Council will more and more tend to side with the majority.

As I have already pointed out, the costs of an appeal to the Privy Council are very heavy. Twenty years ago Mr. Eugène Lafleur told me that a litigant to whom our Court grants leave to appeal must send a lawyer across the ocean to see whether the Judicial Committee will decide to hear the appeal. A lawyer's fee for such a mission in those days was estimated to be about $2,500 or $3,000. If the Judicial Committee decides to hear the case, then a year or so later the appeal comes on and the litigant must again send his lawyer across the ocean. The legal fees in connection with the actual appeal were estimated by Mr. Lafleur at from $4,000 to $5,000. But undoubtedly they have risen considerably in twenty years. It is said to be possible for a litigant to appear before the Judicial Committee in forma paperis, but I do not know of any appeal that has been made on this basis.

Hon. Mr. DANDURAND: There was one case, that of a labourer against the Canadian Pacific Railway.

Hon. Mr. CASGRAIN: Even in such a case there must be incidental costs. I cannot conceive of a lawyer going from Canada to England without charging something for his time.

Mr. Justice Mignault says that the Privy Council performs a very good service for the rich. Threat of appeal can be held up as a kind of blackmail over the head of a litigant who has been successful before our Supreme Court. His opponent, if rich enough, can say, "Now, try to beat me at the Privy Council." In such instances the man who wins his case here and cannot afford to defend it in England does not get justice.

I am making this motion in the interest of the poor people. It seems to me that since the passing of the Statute of Westminster there is no doubt that we can abolish the right to appeal to the Privy Council. The door is wide open. If I read the Statute of Westminster correctly, the British Parliament has said it will not disallow any of our legislation, even though ours be repugnant to its

own. I do not believe that, but that is what it says.

Mr. Justice Mignault goes on, in this long dissertation of some thirty-seven pages, to show that we have in Canada two constitutions—a written constitution and an unwritten one. And he believes that the unwritten constitution overrides the other. I remarked the other day that Divorce Bills used to be reserved for the pleasure of Her Majesty. That is no longer done, though, so far as I am aware, there never was any legislation to discontinue the practice. So in that instance the written law has apparently been overridden by custom or usage, which has become unwritten law. Here is another instance. Her Majesty disallowed a Bill passed by the Senate and House of Commons permitting committees of either House to examine witnesses under oath. That was 36 Victoria, Chapter 1, 1873. So far as I know, that has never been repealed. But we do examine witnesses under oath in our committees, and we have the right to do so.

A large part of my remarks has consisted of opinions of outstanding legal men, opinions that were true twenty years ago and still are true. Now, in conclusion, let me express an opinion of my own. It is this. The foundations of the Empire will not be undermined if Canadian civil cases are finally decided by Canadian judges.

On motion of Hon. Sir Allen Aylesworth, the debate was adjourned.

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

THE SENATE

Thursday, June 11, 1936.

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

Prayers and routine proceedings.

PRIVATE BILL—UNITED CREDIT ASSOCIATION

REMISSION OF FEES

Hon. E. S. LITTLE moved:

That the parliamentary fees paid on Bill E, an Act to incorporate United Credit Association, be refunded to the solicitors for the petitioners, less printing and translation costs.

Right Hon. Mr. MEIGHEN: Why?

Hon. Mr. LITTLE: The Bill was rejected by the Commons, and in such cases it is, I understand, customary to refund the fees, less the actual costs.

Hon. Mr. DANDURAND: I may advance a further reason, for what it is worth. The three bills to create three new loan companies have, I understand, been rejected pending the preparation of a general measure under which all such companies would operate.

The motion was agreed to.

PRIVATE BILL—DOMESTIC FINANCE CORPORATION

REMISSION OF FEES

Hon. A. MARCOTTE moved:

That the parliamentary fees paid on Bill B, an Act to incorporate Domestic Finance Corporation, be refunded to the solicitors for the petitioners, less printing and translation costs.

He said: The same explanation applies in this case.

The motion was agreed to.

DEPARTMENT OF MINES AND RESOURCES BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 79, an Act respecting the Department of Mines and Resources.

He said: Honourable senators, the purpose of this Bill is to create a new department under the name of the Department of Mines and Resources, to which will be transferred the functions of the departments of Interior, Mines, Immigration and Colonization, and Indian Affairs.

The functions of the four departments now to be brought together were at one time all carried out by the Department of the Interior. Before the transfer of the natural resources to the Western Provinces, the Department of the Interior had a staff of 2,500. This is now reduced to 946.

The Department of Mines comprises: (1) the Administrative Section, headed by the Deputy Minister; (2) the Geological Survey; (3) the Mines Branch; (4) the National Museum of Canada; (5) the Explosives Division, and (6) the Editorial Division.

The following figures show the approximate number on the staffs in the four departments:

Interior	946
Immigration and Colonization	877
Mines	358
Indian Affairs (including part-time officers)	2,524
Total	4,705

Hon. Mr. CALDER: That includes all the outside staff?

Hon. Mr. DANDURAND: I think so. These are the divisions of the present departments:

Mines: Office of Deputy Minister; Office of Assistant Deputy Minister; Bureau of Economic Geology; Geological Survey; Mines Branch; Explosives Division.

Interior: Office of Deputy Minister; Office of Assistant Deputy Minister; Dominion Observatory; Waterpower and Hydrometric Bureau; Forest Service; Geodetic Survey; Lands and North West Territories; National Parks; Topographical and Air Survey.

Immigration and Colonization: Office of Deputy Minister; Office of Assistant Deputy Minister; Immigration; Colonization; Publicity.

Indian Affairs: Office of Deputy Superintendent General; Office of Assistant Deputy Superintendent General; Medical Service; Indian Lands and Timber; Surveys.

Each of the divisions is headed by a chief officer called a "director" in some cases and a "commissioner" in others.

It will be noted that there are at present 4 Deputy Ministers; 4 Assistant Deputy Ministers; 4 sets of administrative assistants, including those serving in a secretarial capacity, purchasing agents and the like; 4 legal advisers; 2 architect's officers.

The land business is done in three departments. There are four branches engaged in surveying. Doctors are employed by two departments, and the Health Department services one of the other departments. Welfare of natives is dealt with in two departments. Maps are made in two departments. Translation is done in each department. There are at least three photographic establishments, and there are four separate offices engaged in accounting for revenue and expenditure.

The organization built up by the Department of Mines has not been brought about in a period of a few years; it has taken time. The efficiency of the various branches has now reached such a stage that invaluable assistance can be rendered to accelerate the development of our mineral resources in such a way that it is not unreasonable to expect the mining industry may within the next decade equal our great basic industry of agriculture.

Another direction in which considerable economy should be effected is in the housing of these various departments, once it becomes possible, as we hope will be the case before very long, to bring them together in a single building, where staffs will be more immediately under the supervision of those who are at the head of the different branches and of the department as a whole. At the present time the four departments are housed in 24 buildings throughout Ottawa. More than half of the office space now rented is in privately owned buildings, and the yearly rent exceeds $215,000. The consolidation will reduce the office space required and eliminate the time and expense of communication between different branches.

The law officers are of opinion that the Public Service Rearrangement and Transfer of Duties Act is not sufficiently comprehensive to permit of the consolidation of these various departments, and they advise that to achieve that end new legislation is necessary.

Right Hon. ARTHUR MEIGHEN: Honourable members, I of course have no objection to the amalgamation of departments if reduced responsibilities warrant it, and I have no doubt that the responsibilities of the Interior, Immigration and Colonization departments are very much more meagre than they were. What I call attention to in the measure is what seems to me to be a further attempt to remove Government officials from the supervision of the Civil Service Commission. If we had before us a bill to abolish that commission this would be understandable, but if we have not, and if such is not the policy the Government desires to inaugurate, invasion of that domain surely cannot be justified.

Hon. Mr. DANDURAND: It is very slight. I will explain that.

Right Hon. Mr. MEIGHEN: It is pretty serious. The Deputy Minister is to be appointed by the Governor in Council. That is in accordance with the usual practice, and is all right. The Deputy Minister works very closely with the Minister; he is the executive head; and it has always been recognized that he should be chosen by the Administration, which virtually means the Minister, although, I understand, the nomination is in the hands of the Prime Minister. But this Bill, while purporting to give to the commission the appointments below that of Deputy, does not do so. In the first place, it permits of the appointment of eight directors, the new department being subdivided into not more than eight compartments. The appointment of these directors is in the hands of the Governor in Council. To that extent there is invasion. Turn to section 7. It reads as follows:

7. (1) Notwithstanding the provisions of the Civil Service Act with respect to the organization of a department, the Governor in Council may make such orders and regulations as he may consider necessary for the immediate organization of the department; and notwithstanding the provisions of subsection

three of section four of this Act the Governor in Council may, in the first instance, fill the positions in the department by the appointment thereto of any or all of the persons who immediately before the coming into force of this Act were officers, clerks and employees of the Department of the Interior, the Department of Immigration and Colonization, the Department of Mines and the Department of Indian Affairs and such persons so appointed shall hold office during pleasure.

The effect of that is subtle. The Governor in Council appoints the directors under the Deputy. That means just so much territory taken away from the commission. Secondly, the Governor in Council organizes and classifies all the services in the department. That function itself is of the very essence of the Civil Service Commissioners' work. Theirs is the duty of classification and organization. They classify the various posts, and when the Governor in Council takes it upon himself to do so he is just taking away that function. Next he makes appointments to posts under the directors, and fixes the salaries. What is left for the Civil Service Commission? One would think from reading another section the Civil Service Commissioners really had something to do, but this work is so ingeniously taken from them under section 7 that in respect of this new department they will not have much to do but draw their salaries. It is said that the appointments will be made from employees now in the service; but this section enables the Governor in Council to decide upon those who suit him and to pick out those he wants.

Hon. Mr. DANDURAND: That is the Minister.

Right Hon. Mr. MEIGHEN: Surely it is the Minister. He picks them out to suit himself. The Civil Service Commission has not a word to say.

Hon. Mr. DANDURAND: It would not have in any case.

Right Hon. Mr. MEIGHEN: Well, I believe we are coming very near to that. The system is pretty much of a pretence and it will be so in this department.

Hon. Mr. DANDURAND: I do not think so.

Right Hon. Mr. GRAHAM: I am afraid that has grown during the last few years.

Right Hon. Mr. MEIGHEN: I do not think it has. I have in mind the bills of last session. I will freely say the functions of the Civil Service Commission were not extended where they had been taken away before, yet in the creation of new bodies it was allowed to exercise its full functions; for example, in the Unemployment Commission Bill. But here, in respect of departments that have been under the Civil Service Commission for years, it is told, "Kindly step aside until we get all the reorganization done."

Hon. Mr. DANDURAND: I would remind my right honourable friend of the statement we heard from the Chairman of the Civil Service Commission as to the procedure followed in the filling of vacancies or the making of new appointments. It will be remembered that he said the relations between the department and the Civil Service Commission were very close and the work was generally done in harmony.

The exception taken in this case to the absence of jurisdiction on the part of the commission bears mainly on the question of reorganization. My right honourable friend says, and truly, that reorganization is one of the functions of the commission. Here are four departments which are, and will be, under the direction of one Minister. I have given the number of employees in each. The Minister who will have to consolidate these departments, choose a Deputy Minister and select the directors or chiefs of branches has declared—and I echo his statement, which was accepted by everyone in the other Chamber—that in the consolidation and reorganization of these departments he will take only men who are now in the Service. These men are already under the Civil Service Commission.

I ask honourable members to try to visualize what will be the obligation and function of the Minister, with all the material available from four fully manned staffs, when it comes to placing the men who are to form the new Department of Mines and Resources. His situation will not be an enviable one. I can see him at the head of that large family, saddled with the responsibility of deciding who is to be preferred, who is to be utilized and who is to be superannuated. I am sure he will proceed slowly.

One of the difficulties of classification and reorganization is that it cannot be done in a moment. The Minister must proceed slowly in converting those four departments into one functioning mechanism. It is obvious that the Civil Service Commission is not in a position to follow up that gradual work of elimination and absorption, and that in deciding as to the distribution of the material at hand it would have to rely largely, if not entirely, upon the men surrounding the Minister. I think that if there ever is a time when an exception can be made, it is now. As I have indicated, the work to be done cannot be completed in a day. It may

be months before a final decision is reached in every case, and from what I heard in the committee from the lips of the commissioner I quite realize the commission would not lift a finger before receiving a recommendation from the department.

Hon. Mr. HAIG: May I ask the honourable gentleman a question? Paragraph 1 of section 7 says:

7. (1) Notwithstanding the provisions of the Civil Service Act with respect to the organization of a department, the Governor in Council may make such orders and regulations as he may consider necessary for the immediate organization of the department; and notwithstanding the provisions of subsection three of section four of this Act the Governor in Council may, in the first instance, fill the positions in the department by the appointment thereto of any or all of the persons who immediately before the coming in force of this Act were officers, clerks and employees of the Department of the Interior, the Department of Immigration and Colonization, the Department of Mines and the Department of Indian Affairs and such persons so appointed shall hold office during pleasure.

Does that mean that these men or women are for ever out from under the Civil Service Commission and can be discharged at will?

Right Hon. Mr. GRAHAM: They can be now.

Hon. Mr. HAIG: They can be suspended.

Hon. Mr. DANDURAND: I think this is the customary expression.

Hon. J. A. CALDER: Honourable members, I must say frankly that I do not like the provisions of this Bill. I can appreciate the situation that exists. We have had a good many reorganizations in the public service during the last ten years, but, if I am not mistaken, this is the first time such a proposal as this has been made.

The proposition, as I see it, is not nearly as formidable as the honourable gentleman who leads the House intimates. The Minister will have something to do with this, but very little. When one thinks of all the other work that is thrown upon his shoulders by this Bill, one wonders whether he will have time for anything else at all. He has a tremendous job, and if it does not kill him before he is through with it, I shall be very much surprised. We have had departments under the Minister of Mines, the Minister of the Interior, the Superintendent of Indian Affairs, and the Minister of Colonization, and a certain amount of slackness in these departments may have been the reason for the suggested consolidation. As I say, it is my opinion that the Minister personally will not be closely concerned with the actual reorganization and the selection of employees. He could not be, for the task would be too big for one man. He will be in charge of a personnel running into the thousands. The reorganization and the selection of employees will be done by his chief officials. If it were done by the Civil Service Commission it would be done in exactly the same way, but the commission, being here all the time, would assist these chief officials to perform the task in the best interests of the department. Let me make this quite clear. The Minister will personally never get near this job.

Hon. Mr. DANDURAND: If my honourable friend will allow me, may I say I have seen a statement by the Minister to the effect that the Civil Service Commission would have been required to do nothing more than detail a member of its staff to work in the department upon the matter of reorganization, and it was his view that on his own staff he had men far more familiar with departmental details, whom he could assign to this work.

Hon. Mr. CALDER: If the Minister has a certain object in view he should state what it is. The Parliament of Canada, in its wisdom or lack of wisdom, has adopted the policy that employees should be selected on the basis of merit, and that organization of departments should be under the control and supervision of the Civil Service Commission. I say quite frankly there are instances when it is necessary to take the selection of employees for certain positions out of the hands of the commission. But here are four departments to be reorganized. They will not be scrapped. Take, for instance, the Department of Immigration, with which I am familiar. I know its organization, its officers and the work they do. No reorganization is necessary there. True, certain men may be in line for retirement, and if so they should be retired. Then take the Mines Branch, under Dr. Camsell. Will any honourable senator tell me that the Mines Branch is not properly organized, after having been in charge of an experienced man all these years? Certainly it is. Then take the Geodetic Survey. Is it improperly organized? There is one department, the Department of the Interior, which has been deprived of many of its former activities, and which probably has some hundreds of employees who are not required at the present time. Some of them will be retained, but who is to make the choice?

Hon. Mr. KING: The Deputy Minister really.

Hon. Mr. CALDER: The Minister. That is, choices will be made on a political basis—

Hon. Mr. KING: Oh, no.

Hon. Mr. CALDER: —not necessarily on a basis of merit.

Hon. Mr. DANDURAND: My honourable friend knows that the power to dismiss—if there are to be dismissals and not retirements only—rests with the Minister, not with the Civil Service Commission.

Hon. Mr. CALDER: This Bill clearly states that selections among all these employees will be made by—whom? Some employees will be retained when the reorganization is completed, and some will have to go. It is quite true that the Minister has power to dismiss. If the Civil Service Commission had charge of the reorganization it would not ignore the wishes of the Minister, the Deputy and other chief officials. On the contrary, it would consult them. If directors are appointed the commission would go into the whole question of reorganization with them. The commission would detail one man, or perhaps two or three or more men, to work continuously in co-operation with the Minister and his chief officers.

The point I am trying to make is that there is here a clear departure from the policy that has been laid down. This Bill hands over to the Minister the reorganization of his staff, the classification of them, the fixing of their salaries and everything else along that line. Well, as my right honourable leader has said, let us do one of two things: let us follow the policy that has been laid down, or let us dispense with it. As he pointed out, if we are to do what is proposed here we may as well wipe out the Civil Service Commission. If that is the will of Parliament and of the public, let us do it. But, in all conscience, while the Civil Service Commission remains in operation why should there be the very material departure that is proposed in this instance?

Hon. JAMES MURDOCK: Honourable senators, surely this is a tempest in a teapot, raised by some honourable members who do not know anything about the intent and organization of the Civil Service Commission. Will my honourable friend from Saltcoats (Hon. Mr. Calder) not admit that every employee in these departments that are to be merged was placed where he or she is by the Civil Service Commission? I think he will admit that.

Hon. Mr. CALDER: Yes.

Hon. Mr. MURDOCK: All these employees, unless there be some excepted classes, such as labourers, were engaged by the Civil Service Commission.

Hon. Mr. CALDER: Will the honourable gentleman allow me to say just a word? I know that is perfectly true. But I know that this Bill provides—

Hon. Mr. MURDOCK: Let me make my statement, please.

Hon. Mr. CALDER: You asked me a question.

Hon. Mr. MURDOCK: I asked if you would not admit that they were all placed in their positions by the Civil Service Commission.

Hon. Mr. CALDER: Surely.

Hon. Mr. MURDOCK: Now, it is also admitted that the Minister has the authority to dismiss. Does my honourable friend want a wooden-gun amendment providing that the Civil Service Commission shall do all the things about which he expresses such great concern?

Hon. Mr. CALDER: Is the honourable gentleman asking me a question?

Hon. Mr. MURDOCK: Since the Minister has the sole authority to dismiss, what is the situation? If all the employees of the merged departments are brought into the reorganized department, the Minister will have a perfect right to say that he does not want this, that, or the other person. He will be able to dispense with employees by the dozen, if he wishes. But every Minister has that power over the employees of his department, by virtue of the Civil Service regulations. So this is all much ado about nothing. To suggest that the Bill contemplates enabling the Minister to do anything more than he or some other Minister would have a right to do in any event is—if my honourable friend will pardon me—sentimental nonsense. Now, as to the Civil Service regulations—and do not forget that I am for them—

Hon. Mr. BALLANTYNE: Oh, are you?

Hon. Mr. MURDOCK: Yes. I believe the principle of supervision and regulation by the Civil Service Commission is a proper one. But I have had enough experience in affairs to enable me to express the view of the labouring man at least, and I cannot be made blind to actual facts by a smoke screen of nonsense. What is proposed in this Bill is in accordance with Civil Service regulations. As I have said, all the employees, with the possible exception of some in the labouring classes, have been placed in their positions in these departments under Civil Service regulations, and under these regulations the Minister of the reorganized depart-

ment will have the right to dismiss any employees who are not required. I know my honourable friend will say that he will dismiss Tories and keep on Grits.

Hon. Mr. BALLANTYNE: No, no.

Hon. Mr. MACDONALD (Richmond-West Cape Breton): The Liberal party would not do that!

Hon. Mr. MURDOCK: I say that in my judgment this is much ado about nothing, because the Civil Service Commission is not being deprived of any of its functions, and the employees of the merged departments will be subject to dismissal by their Minister just as they always have been, just as they would be if there were no merger at all.

Hon. Mr. DANDURAND: May I add a few words? It was my duty to read all that was said in another place with respect to these two Bills, Nos. 79 and 80. Though at times I would rather do something else than read such material, I must try to do my duty. However, it was pleasant to go through the discussion on these two measures, for in it there was not the slightest indication that any part of them was considered from a political point of view. When I finished the perusal, after midnight, I felt that the Commons had treated these Bills as independently of political consideration as we in the Senate treat most bills.

Hon. Mr. CALDER: Will the House permit me to speak again? I am afraid the Bill has not been read by my honourable friend who is inclined to talk a little loudly at times. He refers to my criticism of the measure as a tempest in a teapot. He says the Civil Service Commission will not be disturbed at all, and that the Minister of any department has power now to dismiss employees who are not required. I would ask him to turn to section 7, which I am going to read.

Hon. Mr. MURDOCK: It was just read.

Hon. Mr. CALDER: I am going to read it again.

Hon. Mr. MURDOCK: I have read it.

Hon. Mr. CALDER: I am going to read it again. It says:

7. (1) Notwithstanding the provisions of the Civil Service Act with respect to the organization of a department and the classification of positions therein, the Governor in Council—

that is, upon the recommendation of the Minister—

—may make such orders and regulations as he may consider necessary for the immediate organization of the department and the classification of the positions therein, including the establishment of rates of compensation for each class of position thereunder.

In other words, the Minister, not the Civil Service Commission, may classify all the employees in this reorganized department and set their salaries. True, these employees are in the Civil Service and were classified by the Civil Service Commission; but under the Bill that classification may be torn to pieces, for the Minister has the right, through the Governor in Council, to reorganize and reclassify the department just as he pleases. Of course, the objection to that is only a "tempest in a teapot"; there is nothing radical in that at all; there is no reason why we should get excited—not the slightest.

Hon. Mr. MURDOCK: Not a bit.

Hon. Mr. CALDER: I am not excited, but I like those who profess to believe in the principle and the efficacy of the Civil Service Act—if they really do believe—to stand up for the commission. This Bill would tear that principle to shreds.

But not only can the Minister reorganize and reclassify all the positions; he can also establish the rates of compensation. In other words, so far as the staffs in all these departments are concerned, it is left entirely to the Minister to do just as he pleases with them. I say that is wrong. If we are to have a Civil Service Commisison with duties and functions to perform, as has been decided by Parliament, then, I submit, Parliament should stand by the principle laid down.

Hon. J. H. KING: I think when my honourable friend first addressed the House he suggested that the Minister would not be a factor in this reorganization at all; he would be too busy attending to other matters. I agree with him to that extent.

Hon. Mr. CALDER: I think that is right; but the power is there.

Hon. Mr. KING: And that is where it should be. By this Bill several departments are being consolidated. In those departments there are to-day four Deputy Ministers. I understand one of them is to be Deputy Minister of the new department, and the three others are to be directors. They are the men who will carry out the reorganization under the direction of the Minister.

Hon. Mr. CALDER: Why not apply that principle to every department in the service?

Hon. Mr. KING: Yes, if there is a reorganization.

Hon. Mr. CALDER: Without a reorganization?

Hon. Mr. KING: Not necessarily.

Hon. Mr. CALDER: Why not?

Hon. Mr. KING: I do not think my honourable friend would ask a Civil Service Commissioner to reorganize a department of whose component parts he has not the intimate knowledge possessed by these directors.

Hon. Mr. CALDER: The honourable gentleman is assuming something.

Hon. Mr. KING: Not for a minute. Even if the Civil Service Commission assented to the classification, it would eventually have to be established by Order in Council.

Hon. Mr. CALDER: That is done automatically.

Right Hon. Mr. MEIGHEN: Is the Bill to be referred to a standing committee?

Hon. Mr. DANDURAND: If only section 7 is in question, why should not the Bill be considered in Committee of the Whole? However, if this does not meet my right honourable friend's wishes, which standing committee would he suggest?

Hon. Mr. MURDOCK: I would suggest that the Bill be referred to the Committee on Small Matters.

Right Hon. Mr. MEIGHEN: Of which the honourable gentleman himself is chairman.

Hon. Mr. DANDURAND: There would be this advantage in referring the Bill to, say, the Banking and Commerce Committee: we could have the honourable Minister of Mines, Immigration and Colonization attend to explain the reasons underlying clause 7. I think it is simply a question of convenience and opportunity.

Hon. Mr. CALDER: May I make a very brief statement? I worked with Mr. Crerar over a long period of years and know him well. I am absolutely sure that in connection with this matter he would not do anything in the slightest degree wrong. That is not the point at all. There is a principle at stake, which I think should be upheld. There would be a distinct advantage in referring the Bill to a standing committee to get a statement from Mr. Crerar.

Hon. Mr. DANDURAND: Personally I do not think it will make much difference. From what the Chairman of the Civil Service Commission told a Senate committee yesterday with respect to another Bill, I am pretty sure that in practice the commission would simply endorse whatever was recommended by the Minister. My honourable friend opposite says it is a matter of principle. The Minister says it is a question of convenience and opportunity.

Right Hon. GEORGE P. GRAHAM: As a matter of practice, my honourable friend from Saltcoats (Hon. Mr. Calder) would, were he the Minister of the new department, accept the advice of a trusted Deputy. Suppose Dr. Camsell becomes the head of this department. He would instruct Dr. Camsell somewhat along these lines: "Look thoroughly into this matter and ascertain the services performed by every man and woman in the department. You know better than any Civil Service Commissioner can possibly know the kind and value of those services. Make your investigation and then report to me. I know I shall be safe in accepting your recommendations." Apart from the question of principle, I think practically the same results would follow as if reorganization and reclassification were referred to the Civil Service Commission. Every honourable member would trust Dr. Camsell to carry out the best possible reorganization of a department. Whatever he considered best would, I am sure, command public approval.

Right Hon. Mr. MEIGHEN: Is he to be the Deputy?

Right Hon. Mr. GRAHAM: I am not sure. If he is to be in charge, I suppose there will be no objection to section 7. The result would be the same as if the organization and classification were in the hands of the Civil Service Commission.

Hon. Mr. CALDER: With this one exception: under the Bill the Governor in Council has the power to fix the classification and the remuneration—a distinct departure from the present practice.

Right Hon. Mr. GRAHAM: I do not see how any other method could be adopted. That is what would happen if you had the Civil Service Commission make the classification.

Hon. Mr. CALDER: No; it would place the classification in line with that of the other departments.

Right Hon. Mr. GRAHAM: Suppose Dr. Camsell made the classification. I take him as an example. He is a wonderful man. He has served under all kinds of governments, good, bad and indifferent.

Hon. Mr. DANDURAND: There are no bad governments.

Right Hon. Mr. GRAHAM: If so, my honourable friend will have to retract some things he has said.

We want to get at what will be the effect of the proposal on the Public Service. I may say that the late Sydney Fisher and myself were the twin fathers of the Civil Service Commission. Its first chairman was the late Adam Shortt. I have always stood by the commission, although at times I was annoyed by some of its members. In this case, whatever we do the result will be practically the same. If the reclassification is referred to the Civil Service Commission its officer will have to get his information from the Deputy, who knows the salaries of all men and women in the department, and their duties. The Governor in Council fixes the salaries on the recommendation of someone. If it is made by the Civil Service Commission it is based on information secured from the officials of the department. The salaries must be fixed by Order in Council, or the employees concerned would not be civil servants on a permanent basis. Permanent appointments are made by Order in Council, and the appointees cannot be dismissed except by Order in Council. The Civil Service Commission has nothing whatever to do with dismissals. I cannot help thinking we both have the same object in view. Under clause 7 the officials of the several departments to be merged in the new department, knowing all they do know about the present staffs, and being men of good judgment, will make certain recommendations as to reclassification to the Minister, and if approved by him the reclassification will be confirmed by Order in Council. If the work were done by the Civil Service Commission its reclassification would also be confirmed by Order in Council.

Right Hon. Mr. MEIGHEN: If a case could be made out for the total dismissal of the commission from the sphere, not of appointment, but of organization and classification, the right honourable gentleman's argument would apply to every branch of the service. It would not, I admit, apply to the matter of appointment. But the commission is just as necessary and vital in the sphere of classification as of appointment; for if somebody else has control of classification, appointments have no longer the same significance. Then the Government can do just about as it likes.

Right Hon. Mr. GRAHAM: I say the result will be the same whatever you do.

Right Hon. Mr. MEIGHEN: If that were the case the Civil Service Commission would be a mere automaton in the sphere of classification. But it is not. True, the commission consults departmental officials, but its presence is a guarantee that interdepartmental jealousies, prejudices and rivalries shall not govern, nor super-departmental inclinations. I am not saying that those factors will prevail in the present instance. But the principle of the Civil Service Act should be upheld; otherwise those things might govern.

I am confident that if Dr. Camsell is to be the Deputy of the new department he will do the work well, but if we take the course proposed in the present case how can we argue in another case in favour of the principle of the Civil Service Act? We shall have abandoned the principle; we shall have lost ground. I am glad to hear what my right honourable friend says about Dr. Camsell. I brought him from British Columbia—

Right Hon. Mr. GRAHAM: He has lived that down.

Right Hon. Mr. MEIGHEN: —and recommended him as Deputy Minister of Mines. But I have known Deputy Ministers appointed by our own side, as well as some appointed by the other side, whose recommendations I should have to look into very carefully: their ideas of the organization of a department were not governed solely by consideration for the public service. So in a vital sphere of operation of the Civil Service Act we have either to apply its principle to this new department or admit we have no valid argument for retaining it in any department. For myself, I would rather vote for a Bill to abolish the commission and return to where we were than be a consenting party to this process of relegating it to oblivion.

Right Hon. Mr. GRAHAM: I am not criticizing the Civil Service Commission in any way. I am pointing out that it does not make much difference how the result for which we are fighting is accomplished. As every person who has been in charge of a department will admit, 90 per cent of the work will be done by trusted departmental officials, under a head, and the Civil Service Commission will probably approve of everything those officials recommend.

Hon. Mr. CALDER: It does not have to.

Right Hon. Mr. GRAHAM: It does not have to. But we are arguing about something that will not very much affect the final result.

I have had men under me in departments. One summer I had seven departments under

my charge. I am a partisan, and, as Sir Wilfrid Laurier used to say, I am glad of it. In my own department, which was Railways and Canals, there were two reorganizations, and when the plans of reorganization were submitted to the commission all it did was to O.K. what I had done. Not a person was removed, and no criticism was made.

Hon. Mr. BALLANTYNE: That shows that you are a pretty good manager.

Right Hon. Mr. GRAHAM: I should not make a port manager.

I want to give the House an example of the foolishness of all this talk about political influence in the matter of appointments. When I accepted the Deputy of my predecessor many of my Liberal friends wrote me saying, "You must get rid of that man." When I asked why, they said, "Well, he is a Tory." I then inquired why they thought he was a Tory; to which they replied, "Oh, he is the nephew of John Haggart." But that did not make him a Tory. As a matter of fact, his father was a Liberal candidate at one time and ran against John Haggart. My Grit friends thought that because he was a relative of, and had been appointed by John Haggart, there must be something wrong with him. On the contrary, he was one of the ablest men who ever entered the Public Service of Canada. I refer to the late Graham Bell. I mention this just to show that much of this talk about political influence concerns something which never existed. It is a myth conjured up by people who are disappointed when they do not get what they want from a Minister.

I do not think it will make a bit of difference in the final result whether or not this work is done by the Civil Service Commission or with their approval. I do not very strongly favour either way of doing it, because, as one who has been concerned with government departments for many years, I believe the results will be the same. Since hearing Mr. Bland, Chairman of the Civil Service Commission, I am more than ever convinced of this.

Hon. Mr. ASELTINE: If that is the case, why the change?

Right Hon. Mr. GRAHAM: I did not make the change. You will have to ask the Minister. It may be that he can give some reasons why it is better to do this, or say how it will overcome some of the difficulties of organizing the different staffs under one head.

Hon. Mr. CALDER: I may not be here during the early part of next week. There is just one thing I should like to say. I agree that the chances are that in the end this will not make very much difference. The political aspect of the situation does not bother me in the slightest degree. That is not the point. But let me make it quite clear that under the Bill as it stands the Governor in Council has the right to reorganize and classify all these various staffs, and, more than that, he has the right to fix the salary of every person who comes under that reorganization. That is not the case at present. That sort of thing is done on the recommendation of the Civil Service Commission. The Governor in Council does not take the initiative with regard to any department.

Right Hon. Mr. GRAHAM: But the Council has to pass the Order in Council.

Hon. Mr. CALDER: It has to pass an Order in Council, but it does so on the recommendation of the Civil Service Commission. From my experience I should say that so far as that feature is concerned the Government very seldom, if ever, refuses to accept the recommendation of the Civil Service Commission.

Under this Bill the Governor in Council is left free to do as he pleases, through the Minister, regarding this whole question of the classification of what previously were four departments. Furthermore, he is left free to fix the salaries of any and all concerned, without any recommendation from the Civil Service Commission. That is a radical departure. If you were to provide that the Minister, when he has the recommendations of the directors and his Deputy before him and has finished with the classification, should refer it to the Civil Service Commission for final review, in order to ensure that it did not clash with the classification in the other departments of the service, such a provision would be all right. But let me give you an example of what may happen. The man in charge of the Mines Branch may say, "I want these twelve men." Suppose he recommends to Dr. Camsell that A should get $3,000, B $2,500, and some other fellow $4,000. Then Dr. Camsell, who perhaps is not acquainted with that end of the business, may say, "Very good, if you recommend it." The matter goes to the Minister, who has to rely upon the recommendation. Then Council will approve, even though the classification is out of line with the classification throughout the rest of the service. Unless the Civil Service Commission can see to it that the new classification and the salaries fixed are in line with those in the rest of the service, we are going to have more than a tempest in a teapot in the city of Ottawa: it will be a real tempest. So I say that if the Civil Service Commission is not going to make the reorganization, it

should at least have an opportunity of reviewing the classification before it is sent to the Governor in Council.

Hon. Mr. DANDURAND: I move the second reading of the Bill.

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

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: I move that the Bill be referred to the Committee on Banking and Commerce, and in so doing would say that I shall ask the Minister—who will be invited to our committee—to read this debate in order that he may be in a position to reply to the various observations that have fallen from the lips of members of this Chamber.

The motion was agreed to.

DEPARTMENT OF TRANSPORT BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 80, an Act respecting the Department of Transport.

He said: The purpose of this Bill is the consolidating of the Department of Railways and Canals, the Department of Marine, and the Civil Aviation Branch of the Department of National Defence. This consolidation is being effected in the interests of economy and efficiency, and for the better regulation and control of transportation activities generally.

Transportation, which has always been a major public problem in Canada, and no doubt will always be, has undergone great changes in recent years. The most important change has been the development of highway transport, the competition of which has been so seriously felt by the railways. The latter are subject also, during the season of navigation, to intense competition by the waterways, while in the air, more particularly over the vast and as yet undeveloped interior of the Dominion, a network of airways is rapidly emerging, the proper extension and control of which will play an important part in Canada's general transportation scheme.

In view of these developments, the Government is of opinion that the public interest requires a co-ordinated consideration of the problem of transportation in all its aspects, having in mind the general interrelation of modern transport activities and the fact that the economic life and commercial well-being of the nation depend upon the maintenance of effective means of transport. The development of a satisfactory transportation policy must have regard to the newer agencies and their adaptation to modern requirements, together with reasonable uniformity in the regulation and control of all common carriers.

For the more effective handling of these problems, the Department of Railways and Canals and the Department of Marine are being merged. Civil aviation is also brought in. In the separate administration of canals and marine services generally there has been considerable duplication, more especially of engineering activities. Increased efficiency and economy are expected to result from unification. It is intended to bring civil aviation under the Minister of Transport in order that this rapidly developing mode of transport may be properly co-ordinated with the older services and given a more effective opportunity to develop. The effect will be to bring under common direction and control, in so far as Dominion jurisdiction extends, all activities connected with railways, waterways, highways and airways. The new Department of Transport will thus be able to deal in a very comprehensive fashion with transportation in all its forms. It is confidently expected that this will result in more uniform measures of regulation and control, much more effective and efficient transportation services, and a considerable reduction in costs and charges connected with departmental administration.

The Bill creates a Department of Transport and gives the Minister of Transport all the powers, duties and functions of the Minister of Railways and Canals and the Minister of Marine. The Bill provides also for the transfer of the duties, powers and functions now pertaining to the officers of the present departments to the officers of the new department.

It confers authority on the Governor in Council to organize the new department by transfer thereto of the staffs of the two former departments and of the Civil Aviation Branch of the Department of National Defence. To prevent any break in the continuity of the services of the continuing officers, clerks and employees, the consolidated organization will be established and classified prior to the proclamation of the Act, and will become effective immediately on proclamation.

The Bill provides for the necessary amendment of the Department of Railways and Canals Act, and the repeal of the Department of Marine Act. The amendments to the former Act, as provided by the present Bill, make provision for widening the powers of the Minister in accordance with the necessities arising out of the absorption of the Department of Marine and the Civil Aviation

Branch of the Department of National Defence.

I suppose the objection taken to clause 7 of the Bill we have just discussed may be taken to apply in this case, and that the discussion on that Bill will cover this one.

Right Hon. ARTHUR MEIGHEN: It is true that the only difference between this Bill and the previous one, so far as they concern the practical dismissal of the Civil Service Commission, is that in this Bill the section in question is No. 8 and in the other it is No. 7. They read in exactly the same way.

I do not ask that this Bill be now referred to committee, but I suggest that after the second reading it should be left in abeyance until we receive the committeee's report on the other Bill. Then, as suggested by the honourable senator to my right (Hon. Mr. Calder), we shall have the advantage of having heard the Minister's reasons, and shall be likely to make progress.

While I have nothing in the world to say against these Bills in general, I warn the Government that economy is a matter, not of legislation, but of administration, and of good faith and will-power on the part of the Minister in charge; and the Government will be judged by the results. We shall know perhaps in two or three years from now just what, if anything, has been saved. If it would not be venturing into the realm of prophecy, I would say that two years from now we are going to have a larger Civil Service list and a greater cost than we have to-day. For four or five years we had a very great reduction, and that is one thing for which I give the former Prime Minister credit. He had a practical command of administrative affairs, and the will and determination to see that tremendous reductions were made. Without insisting on comparisons, I leave the House to draw the inference that there are not going to be reductions in the next two or three years.

Right Hon. Mr. GRAHAM: It may be that expenses will be much higher during the next couple of years because of improved conditions.

What I rose to say was this. I shall be excused, I hope, for not always being enamoured of departmental amalgamations. The honourable member from Saltcoats (Hon. Mr. Calder), who has had a great deal of experience, touched on the limitations of a man's ability and strength. The point is not a trifling one. The Minister of Railways is a young man, as I was once. I went into a department thinking I could reorganize the world, and worked long hours in my office and in my home, trying to bring about things that I thought should be brought about. The administration of one department is about all that any man can live through for many years. No man who has not had the burdens of a department upon his shoulders can understand the detail and the worry involved in such a position.

The members of a government in the Dominion of Canada, whatever government it may be, have a more trying time than the members of any other administrative body of which I know.

Hon. Mr. CALDER: Hear, hear.

Right Hon. Mr. GRAHAM: In the Old Land the members of the Cabinet do not come into the House at all, except for the purpose of answering certain questions. When they have done that they retire to their departments and proceed about their business, and their under-secretaries represent them in the House. In the United States the members of the Cabinet are not even members of Congress. They never have to answer questions or meet criticisms face to face. Even while the most heated debates are taking place in Congress they remain in their offices carrying on their work. In Canada the Ministers are supposed to be in their offices or in their seats in Parliament at all times, and to stand the brunt of any criticism that may be levelled against them.

One of the fears I have with respect to these amalgamations is that young men, or men in middle life, ambitious to make some real accomplishment, will, if they are not careful, take on a load that is too heavy for them to carry.

Hon. Mr. CALDER: Hear, hear.

Right Hon. Mr. GRAHAM: In Canada the responsibility for one department is all that one man can really stand. If he has also to be the spokesman for his department in the Senate or House of Commons, his burden is greater than one man ought to be expected to bear.

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

PRIVATE BILL

THIRD READING

Bill N2, an Act to incorporate The Order of Italo-Canadians.—Hon. Mr. Lacasse.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable members of the Senate, it is advisable that we conclude our sitting now in order that we may resume consideration of a very important Bill

in the Committee on Banking and Commerce. Therefore I would suggest that the remaining orders on the Order Paper be not proceeded with to-day. I hope honourable members who are ready to participate in the debate on any of these orders will not find it too great a hardship to postpone their speeches. A considerable time ago I prepared a speech expressing the views of the Government with respect to the motion of the honourable senator from Rigaud (Hon. Mr. Sauvé) on the questions of immigration, colonization and repatriation, and I have been awaiting an opportunity to deliver it. I believe our first duty is the consideration of actual measures before us, and for that reason I ask the House to agree to adjourn now.

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

THE SENATE

Friday, June 12, 1936.

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

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. McMEANS presented the following Bills, which were severally read the first time:

Bill U2, an Act for the relief of Harry Candlish Coughtry.

Bill V2, an Act for the relief of Jean Malkinson Goldenberg.

Bill W2, an Act for the relief of Edith Lillian Astroff Nevitt.

Bill X2, an Act for the relief of Lillian Gladys Cheney Perry.

CUSTOMS BILL (CANADIAN WATERS)

REPORT OF COMMITTEE

Hon. RAOUL DANDURAND (for Hon. F. B. Black) moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill 67, an Act to amend the Customs Act (Canadian Waters).

The motion was agreed to.

FREE FOREIGN TRADE ZONES BILL

CONSIDERATION OF AMENDMENTS POSTPONED

On the order:

Consideration of the amendments made by the special committee to Bill E2, an Act to enable the establishment and maintenance of free foreign trade zones by provinces and municipalities or by public agencies of either thereof.—Hon. Mr. Rainville.

Hon. Mr. DANDURAND: I would ask my honourable friend to have the consideration of these amendments postponed. I have not had an opportunity of reading them, and I should like to read them before expressing an opinion.

Hon. Mr. RAINVILLE: Monday next.

Hon. Mr. DANDURAND: Or Tuesday?

Hon. Mr. RAINVILLE: Monday.

The order was discharged.

NATIONAL HARBOURS BOARD BILL

CONCURRENCE IN COMMITTEE'S AMENDMENTS

Right Hon. Mr. GRAHAM moved concurrence in the amendments made by the Standing Committee on Railways, Telegraphs and Harbours to Bill 17, an Act respecting the National Harbours Board.

Hon. Mr. DANDURAND: A somewhat important amendment proposed is similar to one which the Government was not disposed to accept when it was suggested in the other House. Although I share in responsibility for the attitude of the Government, yet, as to the adoption of this motion, I will simply say, "On division," inasmuch as a vote has been taken in our committee.

Hon. Mr. QUINN: Before the motion is carried, may I have reserved to me the right to make a few observations on the third reading?

Hon. Mr. DANDURAND: Yes.

The motion was agreed to.

THIRD READING POSTPONED

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. DANDURAND: Monday next.

Right Hon. Mr. MEIGHEN: It would be more convenient to me if the honourable gentleman could fix the third reading for Tuesday.

Hon. Mr. DANDURAND: I understand the right honourable gentleman is satisfied with the Bill as it is. If there is to be no division—

Right Hon. Mr. MEIGHEN: I am satisfied with the Bill as it is, in this sense, that I think it has been improved as much as we can expect to improve it; but when the measure comes up for third reading I shall make some observations which have been running in my mind as to the general principle. I may inform my honourable friend

that I do not intend to vote against the measure. I have not yet gone on record with regard to the principle of the Bill, because I had not given it that close attention I desired to give it before coming to a conclusion. I have listened very carefully to the debate in this House, have read the debate in the other House, and have also heard the witnesses and the discussions in committee. When the third reading is reached I should like to put on record the general view which I take. That is all.

Hon. Mr. DANDURAND: I would suggest that we put the Bill down for third reading on Monday evening, because my honourable friend from Repentigny (Hon. Mr. Rainville) may wish to present his views. The discussion can then be adjourned till Tuesday.

Hon. Mr. MURDOCK: I do not know whether it matters much, but I notice a typographical error in the amendment as it appears. The word "professions" should read "professional," I presume.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. MURDOCK: That should be corrected.

The third reading was placed on the Orders of the Day for Monday next.

CANADIAN NATIONAL RAILWAYS LOAN BILL

FIRST READING

Bill 84, an Act respecting the Canadian National Railways and to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred during the calendar year 1936.—Hon. Mr. Dandurand.

ADJOURNMENT—BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, I move that when the Senate adjourns to-day it do stand adjourned until Monday evening next at 8 o'clock. At the same time I would remind the members of the Railway Committee that immediately after the Senate rises this afternoon that committee will proceed with its work.

The motion was agreed to.

The Senate adjourned until Monday, June 15, at 8 p.m.

THE SENATE

Monday, June 15, 1936.

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

Prayers and routine proceedings.

PRIVATE BILL

CONCURRENCE IN COMMONS AMENDMENTS

The Hon. the SPEAKER informed the Senate that a message had been received from the House of Commons returning Bill H, an Act respecting The Trust and Loan Company of Canada, with some amendments.

Hon. Mr. COTE moved, with the leave of the Senate, that these amendments be concurred in now.

He said: Honourable senators, two amendments, which are not important, were made to this Bill in another place, and I am informed by the promoters of the Bill that they are quite willing to accept them. As a matter of fact, the amendments were put through a committee of the other House with the approval of the promoters. The first amendment is simply to cover a grammatical point, to substitute "paid" for the words "paid up," with reference to stock. The second amendment is merely a redraft of a section which we put through, and on reading the redraft one comes to the conclusion that it is quite an improvement. It will be seen, therefore, that the amendments are of no great importance.

Hon. Mr. MURDOCK: Did we not send three similar bills over to another place? I understood all three of them were rejected there.

Hon. Mr. COTE: No. This is a measure to amend the charter of The Trust and Loan Company of Canada, a company which has been in existence since the days of the Union of Upper and Lower Canada.

The motion was agreed to.

EXCISE BILL

FIRST READING

Bill 77, an Act to amend The Excise Act, 1934.—Hon. Mr. Dandurand.

COMBINES INVESTIGATION BILL

FIRST READING

Bill 97, an Act to amend the Combines Investigation Act.—Hon. Mr. Dandurand.

LOAN BILL

FIRST READING

Bill 98, an Act to authorize the raising, by way of loan, of certain sums of money for the Public Service.—Hon. Mr. Dandurand.

DOMINION BY-ELECTIONS BILL

FIRST READING

Bill 78, an Act to amend the Dominion Elections Act, 1934 (Dominion By-elections).—Hon. Mr. Dandurand.

CANADA SHIPPING BILL

FIRST READING

Bill 53, an Act to amend the Canada Shipping Act, 1934.—Hon. Mr. Dandurand.

VETERANS' ASSISTANCE COMMISSION BILL

FIRST READING

Bill 28, an Act to assist towards the Employment of former Members of the Forces.—Hon. Mr. Dandurand.

PENSION BILL

FIRST READING

Bill 26, an Act to amend the Pension Act.—Hon. Mr. Dandurand.

NATIONAL HARBOURS BOARD BILL

MISLEADING NEWSPAPER REPORT

On the Orders of the Day:

Hon. C. C. BALLANTYNE: Honourable senators, before the Orders of the Day are called I desire to direct attention to this short article in to-day's issue of one of the Montreal papers:

Port Personnel Jobs Endangered—Senate action would throw positions open to competition.

Ottawa, June 15.—(Star Special by Staff Correspondent.)—Harbour officials and other employees of long standing in the different ports throughout the country have been thrown into a state of alarm by the Senate amendment to the Harbours Board Bill. What may have been designed for their protection is claimed actually to mean that they will either lose their jobs or take chances of retaining them by competitive examinations under the Civil Service Commission. There is legal advice to this effect.

Large staffs of superintendents, engineers, technical officers and clerks are affected. The Senate committee was told the other day that these officers are seldom interfered with on a change of government. As originally drafted, the Bill provided for the new central harbour authority making or confirming the staff appointments. By an amendment made by the Senate committee it is provided that the Civil Service Commission shall make all these appointments. The amendment, however, contains nothing to protect the present staffs. This, the legal authorities say, means that all the present positions will be thrown open to general competitive examination, and the restrictions of the Civil Service Act as to the age of those writing the examination will apply. The present officers would have to compete to retain their jobs. It is understood that the Government will refuse to agree to this amendment if the Senate insists on it.

Hon. Mr. COTE.

I am sure that all honourable senators are quite familiar with the facts and will agree with me that this is an incorrect and misleading report. If the national harbours are placed under the Civil Service Act, its provisions as to competitive examinations will apply only to new employees, and the members of the present staffs will not be disturbed, though they may of course be classified. I repeat, this is a most erroneous report.

Hon. JAMES MURDOCK: Will the honourable senator from Alma (Hon. Mr. Ballantyne) kindly give the name of the newspaper in which the article appeared?

Hon. Mr. BALLANTYNE: The Montreal Star. The article is inspired from Ottawa, and I do not attach any blame to that well-known paper.

Hon. Mr. MURDOCK: Am I right in understanding that if the Bill becomes law all the employees of the various harbour commissions will have no jobs at all, as every Act under which they now operate will be repealed?

The Hon. the SPEAKER: Orders of the Day!

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ANONYMOUS PAMPHLET

On the Orders of the Day:

Hon. A. C. HARDY: Honourable senators, before the Orders of the Day are proceeded with, I wish to call attention to a pamphlet which, I understand, has been distributed to members of the Senate and the other House. It is headed, "Bill 55A, an Act to Amend the Decalogue." I shall not read the text. At the end there is typewritten: "('Anonymous.' Yes, but he calls a spade a spade!)" The purpose of the pamphlet is to ridicule parliamentary institutions generally, and to attack Bill 55, which, I think, is now before the other House. I draw attention to this scurrilous screed in order to give notice to its authors that they will gain nothing by their folly.

I may add that I have studied the Bill referred to. It deals with radio broadcasting, among other matters, and contains nothing to warrant this scurrilous pamphlet.

CUSTOMS BILL (CANADIAN WATERS)

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 67, an Act to amend the Customs Act (Canadian Waters), as amended.

Hon. J. J. HUGHES: Honourable senators, the Bill before the House for third reading will, when it becomes law, give the Preventive Service much greater power than it has now. In fact, so much is its power to be enlarged that some members of the Banking and Commerce Committee feared that if all these powers were exercised they would hamper the legitimate trade and commerce of the country. The Preventive Service asked for these new powers so that it could cope with the evil of smuggling and illicit home-brewing of malt and spirituous liquors. This evil is not indigenous to our country, nor did we have it with us in its present intensity for many years before the War. As it stands now, it was caused by an Act of Parliament passed, with the best of intentions, during the late War, which raised the customs and excise duties on malt and spirituous liquors to unprecedented heights. If we once realized the extent of the evil and the difficulty of coping with it, the proper or best cure would almost suggest itself, namely, repeal of the laws which caused it.

The evil has taken on almost the proportions of a small civil war, employing some of the modern weapons of war, on land, on sea and in the air. It has divided the people into two camps, one camp trying to suppress it, the other either actively engaged in it or sympathizing with it. It has given rise to anger, hatred, ill-will, strife, perjury and other evils—all contrary to peace, order and good government. It is an unmitigated evil. Smuggling is found to a great extent on the coasts because of natural conditions, while home-brewing is more extensively followed in the interior.

General MacBrien told us, at the hearing before the Banking and Commerce Committee, that the effort to cope with the evil was costing the country a direct outlay of more than a million dollars a year, and that to meet the situation effectively would require an additional expenditure of at least $250,000 or $300,000. I am sure that I am well within the mark when I say that the indirect cost to the country is more than the direct cost—perhaps twice as much; but, great as the cost is, it is in my opinion nothing to the demoralizing effect the illicit traffic has on the character of many of our people. That, as I see it, cannot be calculated in terms of money; and I greatly fear that while so large a proportion of our people sympathize with the traffic and either actively or passively support it, it cannot be suppressed by force. Even General MacBrien's hopes are limited, for he told us before the Banking and Commerce Committee that while he expected to curtail the smuggling end of the business he feared that the curtailment itself would increase the home-brewing.

Some people think the revenue of the country would suffer if duties were reduced to a figure that would take away the incentive to smuggle and home-brew. I doubt that the revenue would suffer by such a reduction. I feel that I should be quite safe in saying that two-thirds of the liquors consumed now pay no duty. But even if the revenue would suffer to some extent, surely no Government would think of raising revenue by methods that would demoralize the character of its citizens.

I feel it to be my duty to make these observations at this stage, because I fear this evil will not be cured by the methods we are adopting, and I really believe that if the members would take the time to consider the business thoroughly other methods would be adopted.

Some eight years ago, when we enlarged the powers of the Preventive Service, Mr. Breadner, who was then Commissioner of Customs, and Mr. Cowan, an official of the Preventive Service, told us they felt sure they could stop smuggling and illicit home-brewing if they got the law they were asking for. Two years later Mr. Breadner told me they had been defeated; that the only way to stop the business was to make a drastic reduction of the duties. General MacBrien says virtually the same thing now. Under these circumstances the only thing we can do now is to watch this legislation and its effects. If it fails—I hope it will not—perhaps the Government of the day will apply the remedy that should have been applied some years ago.

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

FREE FOREIGN TRADE ZONES BILL

CONCURRENCE IN COMMITTEE'S AMENDMENTS

Hon. Mr. RAINVILLE moved concurrence in the amendments made by the special committee to Bill E2, an Act to enable the establishment and maintenance of free foreign trade zones by provinces and municipalities.

Hon. Mr. DANDURAND: Would the honourable gentleman give us a statement of the effect of these amendments?

Hon. Mr. RAINVILLE: I am afraid that if my honourable friend wants these details I shall have to postpone the motion. I have not my record with me.

Hon. Mr. DANDURAND: Perhaps we should postpone the adoption of the amendments until to-morrow.

Hon. Mr. CASGRAIN: The amendments simply give more power to the officials of the Customs Department, and were made at their suggestion. The report is unanimous, and I do not see why it should be delayed. If it is true that Parliament is going to prorogue shortly, for goodness sake give this Bill a chance to get to the other House. I do not know what will be its fate there.

Hon. Mr. BALLANTYNE: I should like to suggest that after second reading the Bill be referred to the Standing Committee on Railways, Telegraphs and Harbours.

Hon. Mr. CASGRAIN: It has already been read the second time.

Hon. Mr. BALLANTYNE: Then I shall move on the third reading.

Hon. Mr. HARMER: Refer it back to committee.

Hon. Mr. DANDURAND: I have been so closely engaged with legislation coming from the other House that I have not been able to follow what occurred in committee regarding this Bill. The amendments are the result of the committee's work, and I think some member of the committee should give us a general idea of the opinions expressed by the persons appearing before the committee, and of the proposed amendments to the Bill. The Bill deals with a subject that is new, and I confess that I am not disposed to vote for it until I have some further information as to the result of the inquiry.

Hon. Mr. BEAUBIEN: Honourable senators, I regret that, because of meetings of other committees, I was not able to attend all the meetings of the committee on this Bill; nevertheless, I am very strongly of the opinion that no very grave amendments were made. They were rather, as the honourable senator from De Lanaudière (Hon. Mr. Casgrain) has said, for the purpose of meeting the views of certain officials of the Government. Under the circumstances I think the suggestion that the third reading be taken to-morrow is a good one.

Hon. Mr. DANDURAND: The motion is for the adoption of the report.

Hon. Mr. BALLANTYNE: I am quite willing to withdraw my suggestion that the Bill be referred to the Committee on Railways, Telegraphs and Harbours, provided the suggestion of the leader of the Government (Hon. Mr. Dandurand) is agreed to, and the mover and the seconder give us some further explanation of the Bill to-morrow. I for one do not know any more about it than I heard when it was introduced. I think it is only fair to honourable members that we should get further details to-morrow.

Hon. Mr. CASGRAIN: The report is to be found in the Minutes. It has been there for a week.

The motion was agreed to.

NATIONAL HARBOURS BOARD BILL

MOTION FOR THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 17, an Act respecting the National Harbours Board.

Hon. FELIX P. QUINN: Honourable members, when the report of the committee on this Bill was submitted to the Senate I intimated that I wished to reserve the right to make a few observations. I desire now to enter my protest and express my disapproval of this Bill. I believe that I represent the views of the people of my constituency of Halifax when I say that the majority of the business men, merchants, and people generally, and more especially the longshoremen and freight handlers in the port, are opposed to this Bill because it tends to interfere with their means of making a livelihood. I have represented the constituency of Halifax in this Parliament since the year 1925, and have noted with a great deal of pleasure the gradual increase in the facilities and development of the port, generally, and in the trade and commerce of the port, especially under the supervision of the Harbour Commission. I would particularly draw the attention of honourable members to the fact that in every month of the last three years there was an improvement over the corresponding month of the previous year. But the improvement ceased with the first month of the present year. I might suggest to this House that the decrease in trade in the port of Halifax has been coincidental with the coming into effect of the Canada-United States Trade Agreement and with the change from harbour commissions to centralization of ports. You can draw your own inference, honourable members. For the present I will not place the responsibility.

I was asked to look up the April, 1936, number of a Government publication known as The National Revenue Review, issued by authority of the Minister of National Revenue. In the first column on page 12 of that number there is an article headed "Shipping at Halifax." I will not trespass upon the time of the House to read the whole article, but I desire to quote this one sentence:

> Cargo tonnage handled inward amounted to 67,324, outward 88,683, as against 131,178 handled inward in February, 1935, and 138,593 handled outward.

That refers to the month of February of this year.

The decrease for that month, as compared with the same month last year, is 113,764 tons. Do honourable members realize what that means? Parliament has been asked to approve of many thousands and tens of thousands of dollars for unemployment relief, while the port of Halifax has been suffering a decrease in trade that represents a loss for that one month of approximately $100,000 in wages to the freight handlers of that port. I think that is a pretty safe estimate of the loss to those men.

Of course the freight handlers are not the only persons affected. Canadian trade in general feels the loss. The revenue of the Canadian National Railways is less than it otherwise would be, and in consequence a number of railway employees have had fewer hours and days of work. I say to the Government that this legislation has not been considered as it should have been.

We have listened to glorification of the Canada-United States Trade Agreement, but I tell you, Mr. Minister, and your Government through you, that the Agreement has militated against the interests of the port of Halifax. You have done away with the ten per cent preference to British imports and Canadian exports through our own ports and allowed them to be shipped through American ports. Our chief consideration should be for our Canadian ports and traffic. As Sir Wilfrid Laurier said, let us force the trade of Canada east and west; let us give a preference to the railways and the workingmen of Canada. But what has this treaty done for us? It has had just the opposite effect. As a result, many workingmen of Halifax are looking for relief instead of enjoying the legitimate employment to which they are justly entitled.

My principal object in rising to speak, honourable members, is to register the objection of the workingmen of Halifax to this measure. I have received a letter, accompanied by a memorandum, from the Halifax Longshoremen's Association, the largest organized body of workingmen in the Maritime Provinces. With the permission of the House I shall read the document, so that it may appear on our records:

Halifax, N.S., May 22, 1936.

Hon. Felix P. Quinn,
The Senate,
Ottawa, Canada.

Dear Senator Quinn,

I am enclosing Memorandum for your information and attention showing the stand and feeling of the Halifax Longshoremen's Association, Local 269, I.L.A., Halifax, N.S., in the matter of the new centralized plan of controlling the important harbours of the Dominion, so far as Halifax is concerned.

Anything you can do towards safeguarding the interests of the port of Halifax will be greatly appreciated.

Your very truly,
A. M. Sullivan,
President,
Halifax Longshoremen's Association,
Local 269, I.L.A.

Here is the memorandum—

Hon. Mr. KING: Honourable senators, it seems to me rather unfair to this House that my honourable friend should undertake to read a memorandum of such importance at this stage, after the Bill has been reported upon by a committee.

Hon. Mr. SHARPE: He wanted to speak before.

Hon. Mr. KING: I take it that my honourable friend had the memorandum during the time that the committee was sitting. Surely a memorandum from such an important body should have been placed before the committee for consideration, and not left until this late day, after the committee's report has been made and adopted. I have no objection to the reading of the memorandum; I merely wish to state that I think it should have been drawn to the attention of the committee.

Hon. Mr. QUINN: I am glad that a Government supporter made the objection. When the report of the committee was presented to the Senate I intimated that I wished to reserve the right to make some observations before the Bill was given third reading. I am not a member of the committee and therefore I did not consider I was competent to present my views before it.

Hon. Mr. KING: Oh, yes, you had the right to do that.

Hon. Mr. QUINN: If the House does not object, I will read the memorandum. It is as follows:

Re Centralized Control of Dominion Ports

It is impossible to predict at this time just how the new centralized plan of controlling the important harbours of the Dominion is going to work out so far as Halifax is concerned. There is reason, however, to fear that it will be to the detriment of the port. This apprehension is shared in common by diversified groups of people representing the various port interests. Halifax, by reason of its geographical position, has to bear the handicap of longer railroad hauls from the point of production and a natural tendency for oversea exporters and importers to have their goods transported by the shortest route.

For a great many years the port of Halifax only obtained a modicum of the import and export trade of Canada, but when the system of harbour commissions was adopted and began to operate in Halifax, then a very noticeable increase in imports and exports of freight happened. We believe this was due mainly to the local interests, which under the circum-

stances were centred directly on the welfare of the port.

The greatest danger in centralized control, so far as it affects the port of Halifax, is that the local interest is not present.

I want to impress that point particularly upon the House.

The board of control operating from a point greatly distant from the port cannot be expected to have the same enthusiasm and interest that a local commission would have. The appointment of a port manager does not evercome this handicap, no matter how efficient he may be; he has to be subject entirely to directions from the centralized body and is, as termed, only a manager and not an administrator.

No greater proof could be obtained of the advisability of a local harbour commission from a Halifax viewpoint than the tremendous increase of waterborne traffic in the port during the time such form of control was in effect. The new scheme is also untried, and while it may appear from a business point of view, and from the point of view of the whole Dominion, to be sound, one cannot help thinking that any benefit that will be derived from such scheme to the Dominion will be to the disadvantage of the port of Halifax.

It is our firm belief that the port of Halifax as one of the major ports of the Dominion is entitled to every help, and, even if the scheme would be successful in other ports, Halifax should not be included until the handicaps due to geographical and other conditions are removed. We are sure that these handicaps have not been removed at the present time, although some arrangements were made in the past to overcome some of the handicaps of the port by reason of its geographical position.

We believe we are right in insisting that Halifax, as one of the major ports of the Dominion, is entitled to every consideration, and that the thousands of men who earn a livelihood in the port should not be deprived of that livelihood merely because it is considered advisable to adopt what has been called a sound business system for Canada. This appears to us to be a rather selfish way of looking upon the problem, because if the future of the port of Halifax is to be jeopardized merely because it is considered good business to control it from a distance, then Halifax is not getting its just rights.

It should never be forgotten that the port of Halifax is one of the major ports of the Dominion and nothing should be done to weaken its position so far as having a reasonable share of the import and export trade of Canada is concerned.

Halifax Longshoremen's Association,
Local 269, I.L.A.
A. M. Sullivan,
President,
165 Upper Water Street.

Halifax, N.S.,
May 22, 1936.

Honourable members, having read that document and registered the opinion of my constituents in Halifax, I consider that I have done my duty. As I have already indicated, this measure has been of inestimable harm to our port. I warn the Government that its policy is contrary to the interests of the working men of Canada. The Government may go ahead and force its legislation through Parliament, but I tell the Minister, and ask him to repeat to his colleagues what I say, that the Government is flying in the face of the interests of the people who elected it, and doing a great injustice to them, and particularly to all who are in any way connected with the port of Halifax. The Government, through the present policy, is doing a harm which it will be impossible to remedy.

Hon. J. H. RAINVILLE: Honourable senators, it is with considerable hesitancy that I rise again to speak on this Bill, for I fear I have already taken too much of your time.

On the motion for second reading I stated the case for the harbour of Montreal. I dealt with its early history, its progressive development, its financing during the first fifty-eight years, its present physical aspect and financial structure, its expanding business and steadily increasing revenue, and I pointed out that it has become one of the great ports of the New World, ranking second only to the port of New York. I detailed further the pressing problems of the port, particularly the urgent problem of meeting the increasingly deadly competition of American ports, and the vital necessity of deepening the St. Lawrence channel, even at the risk of incurring the displeasure of dam contractors.

I discussed also the four reasons cited in support of the Bill, and I quoted the words of Sir Alexander Gibb and of the honourable Minister himself in condemnation of the so-called fundamental reasons. As yet, my arguments have not been answered.

After listening to the debate and again reading very carefully the Gibb report, I think the matter may be summed up in this sentence. The Government was worried over capital expenditure by various harbour commissions, and Sir Alexander Gibb was instructed to find a way to curb such expenditure. In paragraph 30 of his report Sir Alexander deals with the situation in these terms:

It is quite clear, moreover, that the ports have been seriously handicapped, particularly when new works have been under construction, by the delay in getting the approval of Government to important matters. By reason too of the cumulative delays due to the number of officials and departments involved, to the pressure of more important business in Council, to absences of Ministers, and other causes, harbour commissions have generally to finance new works for several months, and at times for considerably longer periods. As a natural reaction they have been rather inclined to exploit the unsatisfactory position and to undertake work without authorization, financed by bank loans which they have no power to raise and for which the banks apparently desired no security. So far as these unauthorized loans are concerned, the state of affairs

had just come to a head when I was in Canada, and I understand the department has since taken drastic measures to clear the position.

It may well be asked, why did not the Minister clear up the position before. I wish to state that in the harbours of Montreal, Saint John, Halifax, Quebec, Three Rivers and Chicoutimi no important construction work was ever started without the plans and specifications having been deposited with the Department of Marine for approval, or without written or verbal authorization from the Minister himself. I am personally aware that in most instances the commissioners went to the Minister's office three or four times, and occasionally oftener, for authority to proceed. Only in very few cases were the works started before written approval was given, and then only when the Minister had told the commissioners: "Go on with the work. I will see that the necessary Order in Council is passed later on." I may say that in the last five years the Montreal Harbour Commissioners have always received formal approval of their undertakings.

It will not surprise honourable members to learn that such delays certainly did not help forward port development. The honourable Minister himself may not have been directly responsible for this condition of affairs, but undoubtedly it was brought about by the inadequacy of the staff in the department. This is admitted in paragraphs 21, 23, 25, 30, 105 and in other parts of the Gibb report. Indeed, the present honourable Minister of Marine, speaking in the House of Commons, stated:

> The total staff at Ottawa which has had to act as contact with the harbour boards has been one officer known as the Supervisor of Harbour Boards, and his entire staff has consisted of one clerk and two stenographers. The result has been that there has been delay in approving recommendations coming from ports.

In the Gibb report, honourable senators, we have the opinion of a very able engineer—perhaps a better contractor. He suggested two or three alternative solutions of our harbour problem. With respect to the proposal to establish a central board he says that he "was impressed by the importance of the suggestion." As to its author he is silent. However, in paragraph 22 he makes this important statement:

> A very large number of schemes were laid before me, some involving the most revolutionary changes. I do not concur in the latter attitude, but I am of the opinion that the administration needs to be considerably modified.

I ask honourable members what can be more revolutionary than this Bill to provide for direct administration from Ottawa of all our national ports. I contend that if the present Bill were submitted to Sir Alexander he would most assuredly disclaim any responsibility for it, for by its terms it wholly ignores autonomy and brushes aside local initiative. Yet these are acknowledged to be the most important factors in national port development.

The situation throughout the world to-day is a challenge to the principle of centralization embodied in this Bill. It is significant that all countries which have applied the principle have found it fail in practice and have ultimately rejected it.

Sir Alexander emphasizes the conditions favourable to port progress. In paragraph 83 he states:

> It is essential to avoid emasculating the local administration, since no centralized control can replace an efficient and active local administration, or the special knowledge and initiative of the local business community, both of which are vital to a port's prosperity.

In paragraph 87 he develops the same theme:

> When we turn to the question of the form of central administration, we are faced by the almost uniform experience that while departmental control has many advantages in the early stages of a country's development, it is not suited to the complexities of a live business such as a modern port. It is the habit and virtue of a department to be cautious, to follow precedent, to standardize practice, and to eschew enthusiasm. That the development of the Harbour Commissions has in fact not been handicapped in the past is due rather to the breadth of vision that has characterized the individuals responsible, than the departmental system itself.

He expresses the same opinion forcibly and definitely in paragraphs 84 and 85, which the honourable senator from Vancouver (Hon. Mr. McRae) quoted before the standing committee.

I contend that nowhere in the Bill is there the slightest recognition of the spirit of initiative.

We have, honourable senators, studied the report of one man. Earlier reports had been made by another gentleman. In 1926 Sir Andrew Rae Duncan was selected by the then Liberal Administration to head a royal commission to study transportation in this country, with a view to recommending the best means of directing our trade through Canadian territory towards our national ports. Sir Andrew is a very distinguished Englishman, probably of even greater repute than Sir Alexander Gibb. Sir Andrew was assisted in his survey by Professor Macmillan, of McGill University, and Mr. Justice Wallace, of Halifax. The royal commission recommended that the only way to develop

successfully our national harbours was to create local harbour commissions with wide powers, in order to overcome government indifference or erratic judgment in port development.

Sir Andrew Rae Duncan had this to say on the harbours of Halifax and Saint John:

> We recommend that in respect of each of these two harbours the Federal Government should establish a statutory Harbour Commission whose business it would be to see that the port facilities are developed on such a scale as will gradually, but by no means slowly, create channels through which trade can expand.

It will be readily seen that the present Bill fails to meet any of the requirements laid down by that royal commission. The fundamental principle which governed the findings of the Royal Commission on Maritime Claims was the concept of Canadian interests. Surely the same principle applies to our national harbours.

I submit that Sir Alexander Gibb's recommendations were based, not on national grievances, but mainly on the grievances of the late Government. As incorporated in the Bill, those recommendations are the nullification of progressive port administration and a distinct slowing down of the sound policy of fighting for trade supremacy.

In my opinion—and I think honourable members generally will endorse it—to imagine that the new system will involve less political interference is simply childish. In the book which I have in my hand, dealing with Montreal harbour, will be found a complete list of the staff during my term of office. Many of its members have been in the service of the board for thirty years, and none of them for less than six or seven years. I want to give credit to the present chairman of the Montreal harbour commissioners and to his predecessor; I want also to give credit to all the boards, whether under the Liberal or the Conservative regime, and to assure this House that politics has never entered into the administration of the port. Business does not admit of politics. There is always political pressure, but the commissioners have always acted in a purely business way, and have tolerated no political interference. I challenge anyone to state that the Montreal harbour commissioners ever played politics.

Now, honourable senators, there is one question which I did not mention on the second reading, and with regard to which I said just a few words in committee. I refer to the question of the legality of this Bill. I speak particularly of the harbour of Montreal, because of its peculiar charter. In all early legislation the Government took good care not to involve the Legislature financially in the Montreal harbour venture. This was particularly evident at the time of Union, in 1840, when certain ordinances were passed permitting the harbour of Montreal to borrow money. Every time the Government passed a law conferring rights on the harbour it was careful to guard against the possibility of becoming involved in any deficit which might accrue. I have here a summary of these early laws, all of which are the same in principle. I shall read only section 33 of Chapter 143 of 18 Victoria. It says:

> The Corporation shall keep separate accounts of all moneys borrowed, received and expended by it, and shall account for the same annually to the Governor; but the provincial guarantee shall not be given for the payment of either principal or interest of any sum borrowed under this Act, nor shall the province be in any way responsible therefor.

We find this principle continued through all the legislation, even after Confederation. While the harbour authorities borrowed money in England, in the United States, or in Montreal, the Government guaranteed nothing. It was only after the harbour became a financial success that the Government stepped in and made loans, loans on which the interest has always been paid out of the revenues of the port. This pessimistic atmosphere and unsympathetic attitude continued until at least 1888, and even to-day it is difficult at times to convince ourselves that it does not still exist.

Let me quote again from the report of Sir Alexander Gibb, at paragraph 131, where he refers to this very question of legality. He says:

> There is considerable doubt as to whether the harbour commissions are:
> (a) branches of the Federal Government;
> (b) agents; or
> (c) separate corporate bodies.
>
> Rulings and decisions appear to be contradictory. The Department of Justice recently expressed the view that so long as a Harbour Commission makes contracts in its own name it is not acting as an agent of the Crown. On the other hand all Harbour Commission contracts are held to be Government contracts, in such a matter as the Fair Wages Act.
>
> A distinguished Minister of Marine stated in the House some years ago that "Harbour Commissions are practically branches of the Department of Marine and Fisheries." More recently, it has been equally authoritatively stated that "a Board of Harbour Commissioners is an independent body over which the Government of the day exercises no jurisdiction, except as to the auditing of the accounts."

And then—mark these words:

> After the closest perusal of the various incorporating Acts, I am left in some doubt as to how far the commissions can be said to be agents of the Crown at all. In many ways they have the appearance rather of practically

independent statutory bodies, subject to a limited government control in certain directions only. This was, I was informed, at one time the official view of the Montreal Harbour Commission, supported by the opinion of its legal advisers.

In the paragraph immediately following, Sir Alexander Gibb explains that the harbour properties were transferred to the Crown for the sole purpose of avoiding municipal taxation. He says:

One of the many questions involved in the nature of Harbour Commissions is their liability to local taxation. The harbours as Crown property are generally held exempt from taxation, although the properties have been definitely vested by the Crown to the various commissions. In various cases I believe there have been disputes in regard to properties acquired by the commissions after incorporation, or owned by Harbour Commissions and leased to private interests, or rented by Harbour Commissions from private interests. Apart from the legal aspect, some of the commissions have held the view that an "equitable adjustment" should be made between the Crown and the municipal authorities, to compensate the latter for the loss of rateable property, and for the cost of public services from which the Crown benefits. At Vancouver a settlement has, I understand, been made with one of the municipalities on these lines.

It appears to me that there is another aspect that is being lost sight of, and that is that the city or town in question and its citizens depend for their existence to a great extent on the port's progress and development, to the cost of which they make no contribution whatever except by such general services. While therefore there may be occasional cases where special concessions are justified, I consider that as a regular rule all property used for port purposes should enjoy exemption from taxation.

The transfer of property mentioned has not in any way changed the legal status of the autonomous trust given by early legislation to the harbour of Montreal. The Government has become one of its creditors, it is true, but it has thereby acquired no right of spoliation.

The financial position of the harbour of Montreal was once well illustrated by an ex-commissioner of that harbour, Mr. Robert Bickerdike, who was then a member of Parliament and a very prominent business man of Montreal. Here is what he said in the House of Commons on April 17, 1901, when he was asking for the production of certain papers:

The papers which I ask for (from the Minister of Public Works) will prove that the port of Montreal has never had a single dollar of Government money spent upon it. They will prove that every port and harbour of the Dominion of Canada, from Esquimault to Point Claire, and from Halifax to Caughnawaga, has received amounts of money for harbour improvements, both from former governments and from this government. But up to the present time—and I challenge successful contradiction to this statement—not a single dollar has been spent by governments on the harbour proper of the city of Montreal. It is true, the Government in the past has guaranteed the bonds of the Harbour Commission of Montreal, on which we pay interest, and the Auditor General's report will prove that every time that interest becomes due the Harbour Commisioners of Montreal pay regularly and to the date.

These words are a substantiation of my statement that Montreal harbour has always been, and still is, a self-supporting trust, autonomous by law, and, as such, administering the harbour in trust for the citizens and public bodies of Montreal under certain regulations made by the Government.

France lost her North American empire because of her failure to recognize the importance of the Mohawk Trail as a key road to inland America. Canada is in danger of losing her trade by reason of her failure to realize that the Erie Canal is the modern counterpart of the Mohawk Trail. A page of history is being repeated. The people to the south of the boundary are trying to secure our trade by means similar to those adopted when this country was wrested from France.

Some honourable senators were skeptical when I dared to say, on the motion for second reading, that this Bill is in the Russian Communist fashion. We are told that as navigation falls under the exclusive prerogative of the federal authority our Constitution permits of the legislation. This is no answer; it is not even an excuse. The Constitution grants exclusive rights to the federal power in railway matters. Does that give the Government the right to plunder Canadian Pacific Railway property, even if the company is a debtor of the Government? Under the Constitution the Government has the exclusive right over commerce, banking, insurance, fisheries and shipping, but that does not entitle the Government to confiscate at will the instruments or property of commerce, banking, insurance, fishing or shipping. In all these domains the federal authority has the right of regulation; but the right of property must be kept sacred, for property is the incentive of that initiative without which no advancement or progress can be hoped for. The further we go the greater will be the confusion between property of any kind and the governmental power to regulate its use in the interest of the common weal. The present Bill oversteps the governmental power of regulating maritime policy and affairs. It ruthlessly asks us to confiscate independent property. If there is any principle which permits us to do that in the case of ports and harbours, logic demands that we do it also in the case of railways, stores, banks, insurance companies, shipping and fishing. There can be no other possible interpretation. If anyone says that the port of Montreal is

the property of a community, without any definite owner, I answer that most insurance companies are the property of communities. If it is argued that the port of Montreal secured from the Government its legal right to be, I answer that banks and other similar institutions secured their right to exist from governmental authority. I would go even further. Before any harbour commission was ever appointed, there was in Montreal a harbour with wharves and other landing facilities provided by the shipping interests. It was those same shipping interests who petitioned the Crown not to impede their trade, but to give them special powers. In other words, the first Acts incorporating the Montreal Harbour Commission, or the House of Trinity, gave the shipping interests certain powers of regulation and taxation which they could not otherwise have exercised. What a far cry from the provisions of the present Bill! If we apply that spoliation principle to all other fields under federal rule we shall have in this country an exact replica of Soviet Russia.

For these reasons, honourable senators, I cannot support this Bill. To pass it would mean nothing less than plundering the shippers and business men of this country and making a political football of one of our greatest national interests.

Hon. Mr. DANDURAND: I should like to put a question to my honourable friend. He speaks of spoliation, and argues that if the Government takes over the control of the harbour of Montreal, which is the creature of the Government, it might as well take control of the banks. My honourable friend has just made a comparison. I should like to ask him who are the shareholders of the port of Montreal. What are the private interests that are being spoliated? The harbour commissioners of Montreal have administered the port for the Dominion of Canada. I should like to know how my honourable friend can justify his remark as to spoliation.

Hon. Mr. RAINVILLE: Let me tell my honourable friend I call it spoliation because in all the legislation having to do with the port at the beginning, only citizens of Montreal were appointed on the harbour board, and the same policy was followed all the time. This port was built with the money of Montreal and by the citizens of Montreal. The people of Montreal have an immediate interest in the port. They owe $58,000,000 on it, and pay interest on this sum, but if the Government had not been willing to advance the money, the people could have borrowed it on the markets of England or the United States. And had that been done, our port would to-day be in the hands of the citizens of Montreal. I am complaining because this legislation destroys local autonomy in the port and transfers the immediate administration of the port to a department at Ottawa. The system of centralization, which has been tried in France and abandoned, has not succeeded anywhere in the world. Let me tell my honourable friend that within two years the Government will come back with a new policy, that of restoring the harbour of Montreal to local administration. That is my hope, and I feel sure it will be realized.

Hon. Mr. DANDURAND: My honourable friend knows that the provinces transferred ownership in the ports to the Dominion Government in 1867.

Hon. Mr. RAINVILLE: Of course they did. And the last legislation, in 1894, stated that though the Dominion had lent money, nothing would be done to disturb the character and organization of the Harbour Commission. The system has never been changed so far. Sir Alexander Gibb, whom I have previously quoted, stated that the commissioners were not agents of the Dominion Government; but sections 3 and 13 of this present Bill make the harbour commissioners agents of the Department of Marine, which will in future be a branch of the Department of Transport.

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

BRITISH NORTH AMERICA ACT—AUTHORITY TO AMEND

DISCUSSION CONTINUED

The Senate resumed from June 10 the adjourned debate on the question proposed by Hon. Mr. Lynch-Staunton:

That he will draw the attention of the Senate to, and inquire of the Government, whether it is the intention of the Government to take steps to have legislation passed by the Imperial Parliament to the end that the Parliament of Canada shall have the authority to from time to time amend the British North America Act as it may deem proper.

Hon. ARTHUR MARCOTTE: Honourable senators, the discussion on this question, which has been adjourned many times, may appear purely academic, but whenever there is the least mention of the subject of amendments to our Constitution the minorities are alert. They naturally are taking a deep interest in the views expressed in this Chamber, because, after all, it is here that the decision will eventually be made on the advisability of changing the mode of amending our Constitution.

So far in the discussion references have been made principally to the views expressed by the Fathers of Confederation. But time has done with our Constitution what it does with almost everything. With the passing of years there has been a certain evolution in ideas and views as to what the British North America Act is. If I may have the indulgence of the House I shall quote what present-day judges, writers, professors and parliamentarians say about our Constitution.

At the outset of my remarks I want to refer to an interesting fact. In the resolution of last year appointing a special committee to study and report on the best method by which the British North America Act might be amended, the House of Commons made clear its desire to safeguard the rights of minorities. All the expert witnesses who gave evidence before and prepared memoranda for the committee also pointed out that they wanted to preserve the rights of minorities, and the committee itself stated in its report that it was "definitely of the opinion that minority rights agreed upon and granted under the provisions of the British North America Act should not be interfered with." These sentiments are very pleasing to representatives of minorities everywhere, especially in this House.

Now, let us consider what our Constitution is. If you peruse the memoranda presented by expert witnesses before the special committee to which I have referred, you will notice differences of opinion as to the character of the British North America Act. Is it a contract, a compromise, an entente, a compact, a treaty, or simply a statute? Did it really create a federation or not? I shall take a few minutes to discuss this matter and review the opinions of judges, writers and professors on constitutional law, and of parliamentarians. I shall not include the views of the makers of Confederation. We know what they wanted to do, and what they did.

In order to keep to my subject and make my remarks as short as possible, I shall, with permission, follow some notes that I have here.

In his "Responsible Government and the Dominions," Professor Arthur B. Keith says, at page 586:

> It was most expressly recognized in 1907 by the Imperial Government that the federal constitution is a compact which cannot be altered save with the assent both of the Dominion and the provinces.

Lord Sankey, Lord Chancellor, in the Aeronautics case, 1932, says as follows:

> Inasmuch as the Act embodies a compromise under which the original provinces agreed to federate, it is important to keep in mind that the preservation of the rights of minorities was a condition on which such minorities entered into the federation, and the foundation upon which the whole structure was subsequently erected. The process of interpretation as the years go on ought not to be allowed to dim or to whittle down the provisions of the original contract upon which the federation was founded, nor is it legitimate that any judicial construction of the provisions of sections 91 and 92 should impose a new and different contract upon the federating bodies.

In the report of the special committee of the House of Commons this dictum by Hon. Mr. Veniot is quoted:

> Further than that, it must be understood I maintain that it was a strict agreement between the provinces.

That was part of a question put to Mr. Edwards, Deputy Minister of Justice, whose reply is also quoted:

> I agree with you, that it was an agreement.

At page 54 of the report of the committee appears this reference to a statement by the right honourable leader of this side of the Senate (Right Hon. Mr. Meighen):

> In February, 1925, however, Mr. Meighen said: "Undoubtedly, the pact of confederation is a contract and there are rights involved therein not represented by the Parliament of Canada."

Let us now quote a few opinions to the effect that the British North America Act is not a contract. Professor Kennedy said:

> I approach this problem as a practical problem, and I think we have got to get away from the idea that the B.N.A. Act is a "contract" or "treaty." I do not want to go into that, but it is true neither in history nor in law. The B.N.A. Act is a statute, and has always been interpreted as a statute. It is perfectly true that if you read cases on the B.N.A. Act—we hear very frequently of the Quebec resolutions and such like—but the courts have interpreted the B.N.A. Act uniformly as a statute. There is one case where, as you know, the Judicial Committee did refer very strongly to the Quebec resolutions and to outside matters; but Lord Sankey apologized for the reference, and he was careful to make it clear that he was interpreting a statute. In all the cases which I have read the statutory idea has governed.

I will now quote from the memorandum presented to the committee by Dr. Ollivier, Law Clerk of the House of Commons. While I am mentioning the name of Dr. Ollivier, I would recommend to your attention his two books on our Constitution: "Canada—Pays Souverain," and "L'Avenir Constitutionnel du Canada." You may not agree with every conclusion at which the author arrives, but you will find his books well written, and full

of information and references covering the entire field of constitutional law affecting Canada. Dr. Ollivier says our Constitution is not a contract and that we are not a confederation or a federation. He states:

To revert to the statement that Confederation is a contract, this proposition contains a number of fallacies: first, Confederation so called is not a confederation; second, it is not a contract.

On the first point, a confederation is a union of independent and sovereign states bound together by a pact or a treaty for the observance of certain conditions dependent upon the unanimous consent of the contracting parties, who remain free to withdraw from the union. The states forming part of the confederation retain their political independence and are, from the point of view of international law, still recognized as sovereign states. The best example of such a confederation is the Confederation of the Rhine created by Napoleon in 1805.

It is therefore easy to see why Canada is not a confederation, for the provinces have been merged or federated so as to form a judicial state enjoying all the privileges and rights belonging to a sovereign and autonomous community. It has been aptly said that "the bond which unites the states in a federation is a treaty, a pact, or a contract, in the strict sense; the principle of cohesion of our provinces is the constitution, which is its judicial source and the limitation of its power."

This is the second proposition. The first condition of a contract is that there should be persons or states having the capacity to contract and to give force of law to their own agreement. Were the representatives of the provinces clothed with sufficient authority to draft a new constitution and to bring it themselves into force?

He says they were not. And he goes on:

The desires and wishes of the colonies do not take away from an Imperial Act its formal character of law of an indisputable authenticity, and England was free to agree to the resolutions or to disregard them entirely.

But Dr. Ollivier is flatly contradicted by Hon. Mr. Veniot, who states that at the London Conference the provinces of Nova Scotia and New Brunswick presented resolutions passed by their legislatures giving them the right to enter into such a treaty or contract.

Now may I quote the opinion of Mr. Woodsworth. He is the leader of a parliamentary party, and it is important that we have his view. I am reading from the special committee's report:

Mr. Woodsworth: May I ask Mr. Edwards how he would answer this question: he suggests that essentially the B.N.A. Act is an agreement between the provinces, but it was between certain of the provinces, the older provinces. Some of us come from the West, from provinces which were not original provinces, but we think that we have as much part in the Dominion to-day as anyone. Because of the provisions in the Acts constituting each of the new provinces we can no longer say that the B.N.A. Act is an agreement between the provinces.

On the question whether Canada is a federation, I wish to refer again to the views expressed by Lord Sankey in the Aeronautics case:

Great care must therefore be taken to consider each decision in the light of the circumstances of the case in view of which it was pronounced, especially in the interpretation of an Act such the The British North America Act, which was a great constitutional charter, and not to allow general phrases to obscure the underlying object of the Act, which was to establish a system of government upon essentially federal principles. Useful as decided cases are, it is always advisable to get back to the words of the Act itself and to remember the object with which it was passed.

In the Maritime Bank case, 1892 Appeal Cases, Lord Watson said, at page 441:

The object of the Act was neither to weld the provinces into one, nor to subordinate provincial governments to a central authority, but to create a federal government in which they should all be represented, entrusted with the exclusive administration of affairs in which they had a common interest, each province retaining its independence and autonomy.

And Professor Kennedy, when before the special committee, said:

Now, the first point I want to make is this: We must keep strictly to the idea that we are a federation; that is fundamental.

That we are a confederation is stated in "Clements on the Canadian Constitution." I have here a rather long passage, and to save time I ask permission to place it upon Hansard:

Whether the term "federal union" should, as a matter of scientific accuracy, be applied to the Canadian Constitution is a question for constitutional philologists. It is a term in fact used in our Act, as well as in the Australian Commonwealth Act, 1900—

(Whereas the people of New South Wales, Victoria, South Australia, Queensland, and Tasmania, humbly relying on the blessing of Almighty God, have agreed to unite in one undissoluble Federal Commonwealth under the Crown of the United Kingdom of Great Britain and Ireland and under the Constitution hereby established: . . . Be it therefore enacted...)—

—to designate a union which, at all events, was not to be a legislative union; not, in other words, a merger for all purposes of government as a legislative union must be in any land under the rule of law. Apart from detail, the term federal union in these modern times implies an agreement between two or more communities which, as between themselves, are independent and autonomous. Having arrived at a point where community of interest in certain matters is recognized, they agree to commit all their people to the control of one common government in relation to such matters as are agreed upon as of common concern, leaving each local government still independent and autonomous in all other matters. Moreover, and this is the point of difference most plainly discernible between ancient and modern forms of federalism, the central or common government, upon its establishment, is itself independent and

autonomous; it operates, as does each local government, upon the individual directly and not through the medium of any other government. See "The Federalist," Nos. 15 and 16 (written by Hamilton), in which it is shown how the absence of this principle in the "Articles of Confederation" which preceded the present Constitution of the United States threatened a dissolution of that confederacy. And, finally, and as a necessary corollary in any land governed by law, the whole arrangement constitutes a fundamental law to be recognized in and enforced through the agency of the courts.

The exact position of the line which is to divide matters of common concern to the whole federation from matters of local concern in each unit is not of the essence of federalism. Where it is to be drawn in any proposed scheme depends upon the view adopted by the federating communities as to what, in their actual circumstances, geographical, commercial, racial, or otherwise, are really matters of common concern and as such proper to be assigned to a common government. But the maintenance of the line, as fixed by the federating agreement, is of the essence of modern federalism; at least, as exhibited in the three great Anglo-Saxon federations of to-day, the United States of America, the Commonwealth of Australia, and the Dominion of Canada. Hence the importance and gravity of the duty thrown upon the courts as the only constitutional interpreters of the organic instrument which contains the fundamental law of the land. The line is described by metes and bounds, stated in very general terms; and upon a broad, liberal, and statesman-like interpretation of those terms, clearly defining and yet reconciling them, the stability of our institutions largely depends.

The above brief statement of general principles would seem to indicate as proper for treatment in this chapter the following topics: (1) the position of the courts in reference to questions of legislative competency; (2) the independence of each government, federal or provincial, both as to legislative and executive action and as to proprietary rights; (3) the necessity in some cases for conjoint action to effect desired results; and (4) the aid, if any, to be obtained from United States and Australian decisions.

One could quote indefinitely from judgments and writings, but these quotations are sufficient to give an idea of the diversity of opinions on the nature of our Constitution. May I, in great humility, give you now my own views?

The British North America Act is more than a contract or a treaty, more than a compromise or an entente. It contains all the requisites of these definitions, with something more. There was in 1867 only one power great enough to create this Confederation, to give the different units the capacity to enter into such a contract, to confirm that compromise, to consecrate that entente, to ratify that treaty. That power was the Imperial Government. After years of preparation, months of discussion and some conferences, the provinces brought to the Imperial Government the result of their deliberations in the form of resolutions, and after further discussions and amendments the Imperial Government enacted the statute called the British North America Act. It created a Constitution similar in principle to the English Constitution, which still is the model constitution for democracies.

Because it is similar in principle to the Constitution of the United Kingdom, our Constitution is flexible and can be amended as the need for change occurs. It has been amended in the past and will be amended in the future, but always with this reservation, unanimously assented to, that the rights of minorities shall be protected. Without that protection Confederation would not have been possible and could not be continued. The defence and protection of minorities' rights is fundamental to the whole scheme of Confederation. In his memorandum to the committee Professor Scott, of McGill University, defined these rights as legal, moral and natural. It is a sane view. It is also essential that the provinces give their consent when the amendments concern them in any way.

But if the Constitution needs amendment, are we to continue to use the same channel as in the past—a joint Address by the Senate and the Commons to the Crown for legislation by the British Parliament? Or are we to insist on making our own amendments?

Since the enactment of the Statute of Westminster we have controlling power over our Constitution. We did not then secure the right to amend it ourselves without the aid of the Imperial Government. In fact our representatives requested that the status quo be preserved. I quote from the report certain questions and the answers given by Mr. Edwards:

By Mr. Bourassa:

Q. As a matter of fact, that reservation in the Statute of Westminster referring to Canada was put there at the request of Canada?—A. Yes.

Q. It is Canada which asks to be limited in its Constitution?—A. Yes.

Mr. Cowan: You mean the exception in regard to amending the British North America Act?

Mr. Bourassa: Yes.

But is is claimed that this places Canada in a status of inferiority inconsistent with its sovereignty. Dr. Ollivier states:

By the Statute of Westminster, passed on the eleventh of December, 1931, Canada has achieved its sovereignty. It would therefore appear to every one supremely absurd and inconsistent with our status of equality with other nations if we have not the right to amend our constitution.

The Statute of Westminster, the Magna Charta of our independence, has not granted us that right. On the contrary it has enacted that nothing therein contained "shall be deemed to apply to the repeal, amendment or alteration

of the British North America Acts, 1867 to 1930. . . ." Section 7.

"Those who claim autonomy for Canada," says Professor Keith, "naturally cannot acquiesce in a position under which the supremacy of the Imperial Parliament is insistent and undeniable. A sovereign state whose constitution can only be altered by another power is a contradiction in adjecto."

(The Sovereignty of the British Dominions, 1929, p. 201.)

But he makes this admission:

The Witness: On the other hand, Canada cannot at present directly amend its own Constitution, but this fact, although inconsistent with our present status, is not a denial of our sovereignty, as this restriction exists by our own will, and further because the power still remains in the Federal Parliament of saying what amendments this country desires should be made to the Constitution.

This has been made amply clear by section four of the Statute of Westminster, which reads as follows:

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

Later in his memorandum he states:

Then the other objection to allowing the Constitution to remain as it is is that it has been said that that would be inconsistent with the sovereign status which Canada now enjoys as a nation. On that point I am inclined to agree with the suggestion made by Mr. Lapointe in the House of Commons in 1931, in which he suggested that there was nothing inconsistent with out sovereignty in allowing the Imperial Parliament to be the instrument of amending the British North America Act in the future as in the past.

By Hon. Mr. Mackenzie:

Q. Was that during the debate on the Statute of Westminster?—A. Yes. If the legislation is enacted at Westminster upon the request of the Dominion authorities, then it is passed because of the sovereign status of the Canadian people. It is passed because of the recognition of our status, and not in spite of it.

We are able to conclude from the foregoing that our present position is satisfactory, and inconsistent neither with our sovereignty nor with our freedom. We are not placed in a state of inferiority. On the contrary, we are the masters of our destiny. The Statute of Westminster has so provided.

Even if it should appear inconsistent with our sovereign status as created by the Statute of Westminster that we have to apply to the Imperial authorities for necessary amendments instead of exercising the power ourselves, is it advisable to make the change? On this point let me quote from the memorandum of Dr. Scott:

South Africa is a particularly interesting example to us, I think, because that dominion has a racial problem and a minority problem comparable or analogous to that in Canada; and yet, after beginning with an Imperial statute in 1909 as the basis of their constitution, which contained special guarantees for minorities, special entrenched clauses, they have now re-enacted that statute as their own constitutional Act, as a statute of their own parliament—

I draw the attention of honourable members to this passage:

—and have thus destroyed the legal basis of the safeguards for minorities which were found in the earlier Act. The South Africans now admit that the adoption by them, by their own parliament, of their own constitution, puts it into the category of an ordinary Act of Parliament in so far that in future it could be changed legally by the procedure of an ordinary Act. But they have stated in the debates and discussions of that change that, where minorities are protected, they will continue to respect that protection, relying in future not on legal protection, but simply on one another. I feel that if we can agree, at this juncture, to choose flexibility, reasonable flexibility, rather than rigidity, we shall, besides greatly simplifying the whole process of government, be stimulating still further the development in Canada of that spirit of trust and tolerance without which even legal safeguards are of little value.

Honourable senators, is it advisable to make the change in view of the opinion of Mr. Woodsworth which I have cited, that "We can no longer say that the British North America Act is an agreement between the provinces"? Is it advisable to make the change when we read in the memoranda produced before the committee the opinion that nine-tenths of the people of Canada know nothing about the British North America Act and have no notion at all of our Constitution? Is it advisable to make the change when the honourable senator from Rigaud (Hon. Mr. Sauvé), in his sound and capable study on our problems of immigration, deplores the lack of Canadian training and mentality of the hundreds of thousands of our new citizens? Is it advisable to make the change when we hear the statement of the honourable senator from Parkdale (Hon. Mr. Murdock) that he is not exaggerating in stating that 85 per cent of the people in every province of Canada have said: "To H— with the British North America Act?" Is it advisable to make the change in these days of unrest, of distrust, of rising bad temper in our population, to reopen the discussion on old controversies, some of them mentioned the other day by the honourable senator from North York (Hon. Sir Allen Aylesworth) in his remarkable address? Is it advisable to make the change when we have the unfortunate evidence that the separate school issue is not dead yet, and more troubles are coming?

I claim that the time has not come yet to make the change. We are not hampered in any way in securing needed amendments.

We are not suffering in our dignity as a nation, and our minorities feel that they are safe and secure. We are British subjects, proud to be so, and determined so to remain. We are satisfied to let our Magna Charta remain for the time being in trust with the Imperial Government, under the protection of the Crown, under the safeguard of the power which has created us a free nation.

Let us continue to educate our people, reminding them of the heroic battles of the past and our gradual ascent to legislative freedom through understanding, co-operation and goodwill between our two great races, and let us shoulder with courage the responsibilities of the present in order to assure the greatness of our future.

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

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 U2, an Act for the relief Harry Candlish Coughtry.

Bill V2, an Act for the relief of Jean Malkinson Goldenberg.

Bill W2, an Act for the relief of Edith Lillian Astroff Nevitt.

Bill X2, an Act for the relief of Lillian Gladys Cheney Perry.

CANADIAN NATIONAL RAILWAYS LOAN BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 84, an Act respecting the Canadian National Railways and to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred during the calendar year 1936.

He said: The purpose of this Bill is to provide $9,959,000 for the following objects:

(a) Equipment principal payments, sinking funds, miscellaneous maturing or matured notes and other obligations secured or unsecured, not exceeding $7,459,000;

(b) Construction and betterments, including co-ordinations; acquisition of real or personal property, and working capital, not exceeding $2,500,000.

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

THIRD READING

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

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

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

THE SENATE

Tuesday, June 16, 1936.

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

Prayers and routine proceedings.

RIGHT HON. SENATOR MEIGHEN

BIRTHDAY FELICITATIONS

Before the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable members of the Senate, before our proceedings go further I desire to take notice of the fact that my esteemed friend who leads the other side of the House (Right Hon. Mr. Meighen) has reached, and perhaps passed by a few months, what we call the meridian of life. I do not really know what point in one's life can be fixed as the meridian. Is it fifty years? Or is it sixty?

Right Hon. Mr. GRAHAM: Eighty.

Hon. Mr. DANDURAND: Whatever it may be, I desire, on behalf of the Senate, to wish my right honourable friend very many happy returns of the day.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: I confess that I have always—before I entered this Chamber and since—dreamed of an ideal Senate, one in which the intellectual élite of the country should be represented. Since my right honourable friend has come among us I have felt that my dream has been realized, because in his person we have one of the intellectual leaders of Canada.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: We are all the richer for his presence, and are happy to enjoy the benefit of his advice. For a period of some years I occupied the position of a critic of some of my right honourable friend's work, but I, along with all other honourable members, have admired his strength of mind and his dialectics. The Senate has reached a higher standing because of his presence among us.

Some Hon. SENATORS: Hear, hear.

Right Hon. ARTHUR MEIGHEN: Honourable members, I do feel very, very keenly and pleasurably the generosity of the honourable leader of the Government in the thoughts to which he has just given expression. I am afraid one's principal feeling at a time like this is that the longer the period of years gone by, the fewer are the years to come. A man soon arrives at the stage where he begins to boast of the tenure

of life that has been vouchsafed to him. It gives him a feeling of inspiration when he thinks there has at least resulted a fair measure of goodwill on the part of those who know him. There was a great Englishman, never known as a philosopher, whose one doctrine of life was that all living was of value to the human being himself to the degree to which he succeeded in bringing all his work to bear to the advantage of his fellows; in a word, that all that really mattered were his relations with his fellow men. This also was the doctrine, in relation to this life, of the Founder of Christianity, and it is really the essence of all sane philosophy.

When Samuel Johnson was asked what he thought of Gray's Elegy, he answered that there were only two stanzas worthy of attention. He quoted one, which expresses my feeling toward life:

For who, to dumb forgetfulness a prey,
This pleasing anxious being e'er resign'd,
Left the warm precincts of the cheerful day,
Nor cast one longing ling'ring look behind?

And then he said, "I forget the other."

This one verse, if it is really the expression of feeling of a man as he advances toward the evening, means that his life has been and is worth while. Though Samuel Johnson could remember only one verse, the author spanned four years in writing the poem. I will say that if I could have attained the same achievement in forty years, I should have thought my life a success.

I thank the honourable leader of the Government and all who have joined in the tribute of to-day. I only wish I were more worthy of it.

PRIVATE BILL

REMISSION OF FEES

Hon. WILLIAM DUFF moved:

That the parliamentary fees paid on Bill Y, an Act to incorporate Atlantic Loan and Finance Corporation, be refunded to the solicitors for the petitioners, less printing and translation costs.

The motion was agreed to.

INTERNAL ECONOMY COMMITTEE

APPROVAL OF CIVIL SERVICE COMMISSION REPORT

Hon. JAMES MURDOCK (for Hon. W. H. Sharpe, Chairman of the Committee on Internal Economy and Contingent Accounts) moved:

That the Senate do approve of the report of the Civil Service Commission, dated June 11, 1936, with respect to changes in the classification and compensation of certain Senate positions.

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 Y2, an Act for the relief of Albert Leonard Johnson.

Bill Z2, an Act for the relief of Reva Marcus.

Bill A3, an Act for the relief of Ethel May Luckie Atkinson.

Bill B3, an Act for the relief of Edythe Mary Rose Brown.

Bill C3, an Act for the relief of Joseph Paul George Marcoux.

Bill D3, an Act for the relief of Adjutor St. Jean.

FREE FOREIGN TRADE ZONES BILL

THIRD READING

Hon. Mr. CASGRAIN moved the third reading of Bill E2, an Act to enable the establishment and maintenance of free foreign trade zones by provinces and municipalities.

Hon. RAOUL DANDURAND: Honourable senators, as a result of conversations I have had with a number of my colleagues, I feel that there is not in this Chamber a unanimous opinion in favour of the adoption of this measure at the present time, the reason being that it concerns a matter which is new to Parliament and new to public opinion in this country. As I think I said before, I know of countries that have had free zones or free ports and seemed to be satisfied with the manner in which they worked. I should have preferred, however, that my honourable friend (Hon. Mr. Casgrain) had raised this question in the form of a motion instead of a Bill, so that the matter could have been brought to the attention of the country at large without the necessity of the Senate expressing an opinion upon it. But we must face the situation as it is.

I know that what my honourable friend had in mind was the education of the public with regard to the establishment of free ports on the St. Lawrence, the Atlantic or the Pacific. He has largely attained his object, and as we are now faced with a motion for the third reading of the Bill, I think we should allow it to go to the House of Commons as an expression of desire on the part of this Chamber that the matter be further studied, so that in a session to come we may be able to deal with it with some knowledge that an educational campaign has been carried on, and with the feeling that there is a general consensus in

favour of placing such legislation on the Statute Book.

Right Hon. ARTHUR MEIGHEN: I appreciate correctly, I hope, the stand taken by the leader of the Government. While he does not wish to commit himself definitely to the practical embodiment of this Bill in the Statutes, he is prepared to allow it to pass this House so that the subject of it may be discussed in the House of Commons. I do not think the promoters of the measure anticipate that it can possibly get through the House of Commons this session. Under these circumstances I am prepared to concur in the motion for the third reading.

Hon. JAMES MURDOCK: Honourable senators, in my judgment we shall be making a mistake if, in connection with this Bill, we do not take into consideration the advice given to us from the experience of a distinguished Canadian. When the measure was introduced in the House I could not see any logic or consistency in it. I thought it proposed an improper encroachment upon the customs facilities of the Dominion of Canada. However, after offering several obstreperous suggestions, as I may call them, I became one of the members of the committee on the Bill. There appeared before the committee a distinguished gentleman, in the person of Major George Washington Stephens, who, in respect of this matter, converted me to the belief that there might be something of importance and benefit to the Dominion of Canada in what was proposed, and I want to place before the House a very brief extract of his remarks which brought about this conversion. He said:

A free port area affords concentrated time-saving facilities for loading, unloading, warehousing, manufacturing, sorting, storing of merchandise, processing from the raw material to the finished product, with a minimum of formality and restriction, which popularizes the port in the hearts of ship captains and enhances its prestige among ship owners and traders. It relieves traders from the application of customs formalities and payment of duties until the goods pass out of the free zone for consumption within the country itself. It enables goods to be re-exported to foreign markets without the payment of any customs duties whatever. It has the additional advantage of attracting large masses of cargo for storage, awaiting re-export and redistribution as market conditions warrant. It permits the arrival of bulk cargoes for sorting, grading and reshipment in part lots to different markets at different times, duty being paid only on each of the lots as it departs.

The assembly of mass cargoes in one place makes for sure return cargoes for ship and rail, and makes possible lower transportation rates.

By increasing the volume of the port's business a free port area increases the customs revenue of the country.

Free port areas are not experiments. They have been established to capture trade, and are nothing more than huge bonded warehousing districts, relieved of customs restrictions and formality, strategically planned to save time, reduce handling costs and supply cargoes.

The proof of their value is to be found in the range of their existence, their periodic extension, their popularity, the prosperity of the ports where they exist, their dividend-paying qualities, and their permanency once adopted. They are to be found as going concerns of long standing in Germany, Denmark, Sweden, Spain, Italy.

It seems to me that Major George Washington Stephens sized up the situation and expressed in comparatively few words the advantages that might be derived from the adoption of free zones, and I think that any discussion of this subject should contain an expression of his views.

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

NATIONAL HARBOURS BOARD BILL

THIRD READING

The Senate resumed from yesterday the adjourned debate on the motion for the third reading of Bill 17, an Act respecting the National Harbours Board.

Right Hon. ARTHUR MEIGHEN: Honourable members, as I intimated on a previous occasion, before this Bill receives its third reading I should like to put myself on record in regard to its principle. As we all know, our main terminal harbours, if they may be so described, have been under the control of local harbour boards subject to the supervisionary check of the Department of Marine. The purpose of this measure is to establish at Ottawa a single harbour board which shall have supervision over a specific number of the harbours of our country—by no means all—and shall undertake to operate them from this central point, using merely as local agents men to be appointed and known as port managers. I incidentally mention that harbours heretofore known as "Dominion harbours," under the control of the Marine Department—notably the harbour of Sorel—are not included in the measure. Other than the fact that the Public Works Department has administered the harbour of Sorel, whereas the Marine Department has had charge of the others, there is no distinction that I know of between Sorel and the harbours coming within the ambit of the Bill.

Some two or three years ago the late Government asked Sir Alexander Gibb to investigate the whole problem of the management of our harbours. Though a distinguished engineer, he was not experienced as a harbour manager. In his very extensive report, while

there is a sort of oblique recommendation of some organization like this central management, there is no definite and understandable recommendation; the statement as to what he felt was best for this country is more or less ambiguous. Nevertheless, taking the terms of the Gibb report, one can justify something in the nature of the present measure. The Bill now before us passed the House of Commons after some criticism, but without any very definite objection. Under these circumstances, even though my opinion might be more antagonistic than it is, I should not feel that this House was justified in defeating the measure.

In the Senate, and more particularly in our committee, a very important discussion has taken place on the whole principle of the measure. That discussion, from the critical standpoint, has been led by the honourable senator from Repentigny (Hon. Mr. Rainville), who enjoys the advantage of having been for some time chairman of the board of our principal harbour, Montreal. I cannot deny the fact that I have been influenced in no small degree by the arguments he has presented, and particularly by the historical account he has given of the experiences of other countries in their endeavours from time to time to place their harbours under a central control, such as is contemplated by this Bill. It is very noticeable that although such countries as the Old Land, France, Australia, and Italy, which have many harbours, have tried some such plan as this, they have all, after a time, given it up and reverted to the old system of local control, subject, no doubt, to central supervision and check, especially from the standpoint of capital expenditure. This is all the more impressive because the centralized system would appear to be more practicable in some compact countries such as Great Britain, France and Italy than in this Dominion of Canada, which is so far-flung and diverse. To me it would seem to be much easier to operate under the central system in England, say, or in France, than in Canada, because the conditions at our ports vary tremendously. Geography and climate intervene to differentiate the methods of operation at our different ports. Therefore, if the central system has failed and been abandoned in more compact countries, it appears to me very problematical that it can be made to succeed in Canada. I am somewhat tempted to believe that the Minister of Transport, no doubt with the best intentions, has somewhat overestimated his capacity for administration in making himself the father of so many measures addressed to Parliament this session, in all of which he undertakes to administer gigantic national enterprises and be responsible in his own person for their business success. Though not taking a negative stand against the Bill, I want to go on record as convinced by the argument that the weight of probability is against the success of the measure and that at no very distant time we shall probably follow the course of other nations in many parts of the world and revert to the harbour commission plan.

Hon. Mr. MURDOCK: May I ask a question before my honourable leader speaks?. I am sincerely desirous of knowing just how an amendment which was made to this Bill will be applied. Some of the Civil Service Commission regulations, I believe, I understand fairly well. For instance, there is an age limit for appointees, special consideration is given to returned men, and applicants for positions in the various classifications are required to take examination. Now, at each one of those harbours, at Vancouver, Halifax, Saint John, Chicoutimi, Quebec, Three Rivers and Montreal, there is, I presume, a staff of capable and experienced employees for the carrying on of the necessary work of the port. No doubt some of these employees are fairly well advanced in years, and possibly a number of them have no returned soldier experience to their credit, and there may be a certain proportion who could not pass the clerical or technical examination necessary for entrance into one of the Civil Service classifications. The matter which concerns me was raised yesterday by my honourable friend from Alma (Hon. Mr. Ballantyne) when he read a newspaper article indicating the view of someone that if this Bill passes, as now amended, all the corps of employees of the various harbours will be automatically out of the service, and the Civil Service Commission will call for applications from persons desirous of filling the jobs, and will set examinations which they will have to take. I feel I am right in saying that no member of this Chamber believes anything of that kind should or would be done. However, I should like to hear the view of someone who knows more about the matter than I do, as to whether there is any possibility of such a situation arising from the passage of this Bill as amended.

Hon. Mr. GRIESBACH: The honourable senator from Alma, who is at the moment not in his seat, denied that the article which he read yesterday was true. The reason he brought up the matter was to controvert a newspaper report.

Hon. Mr. DANDURAND: Perhaps some honourable member can answer the question asked by my honourable friend from Parkdale.

Hon. Mr. RAINVILLE: Honourable senators, in my opinion the amendment to this Bill will prove contrary to the interests of the ports. Every one of the ports has in its employ some men of very specialized training. I will give you one instance. At the Montreal elevators there is a Mr. Peterson, who is the chief specialist on grain, and though he is seventy-five years of age he cannot be replaced. For some years an effort has been made in vain to find a younger man who would in time become a qualified successor of Mr. Peterson. I believe that the Civil Service amendment will not benefit the port of Montreal nor any other port.

Hon. Mr. DANDURAND: I was opposed to this amendment to the Bill, but a majority of the committee decided in favour of it. The committee's report having been brought in, I allowed it to pass on division, and now we are at the third reading. It will be for the House to decide as to the value of the argument that has been made at the last hour.

At this stage I desire only to say a few words as to the merits of the Bill. An honourable member of the committee asked what was the underlying principle of the measure. I answered that it was based on these facts: the ports of Canada are the property of the Dominion; they are largely financed by the Dominion; they form part of the whole system of transportation in Canada, and it is in the interest of the general policy of transportation that authority should be centralized. We have been told that there was rivalry between ports, resulting in rate cutting which affected the returns of all the ports, and that unified direction is necessary in the general interest of commerce all over Canada. I believe this principle has been accepted almost unanimously in another place. Sir Alexander Gibb expressed an opinion to the same effect, and indicated various formulae for the carrying out of this principle. What we are now dealing with is a plan for centralized administration by the authority which owns the ports and is seeking to develop them, and it is the same authority that is entrusted with control over trade and commerce throughout the country.

Hon. Mr. RAINVILLE: May I make a correction? Any cutting of rates by ports was done by the acting Minister of Marine at Ottawa. According to the by-laws, approved by the Government, no commission could have reduced rates except by authority of Ottawa.

Right Hon. Mr. MEIGHEN: Honourable members, I do not want to allow the case for the amendment made by the committee to go by default. I thoroughly approved of that amendment and I want to give the reasons why. It merely states that in respect of permanent employees of harbours the Civil Service Commission shall have the same jurisdiction as it has in every other branch of the Public Service, no more and no less. It has no authority in respect of labour or temporary employees. I have yet to hear a reason suggested why the Civil Service Commission should be ousted from such jurisdiction in respect of the operation of harbours any more than in respect of many of the other activities carried on by the numerous departments of Government. The committee took the same attitude.

In view of the evidence given before the committee by Mr. Bland, Chairman of the Civil Service Commission, I am unable to see how anyone can have premonitions or fears as to how the Civil Service Commission will actuallly supervise. He stated definitely that in the discharge of the obligation imposed upon it the commission would endeavour first of all to provide against any interruption of the public service, and to that end would confer with the new National Harbours Board at Ottawa and take account of the various officials now performing duties of more or less importance at the respective harbours. He went on to say the commission would give consideration to the experience of and work done by those officials, as well as all the recommendations in their favour, and that there was no system of cut and dried examination that had to be applied. In short, he assured the committee that experience and qualifications—merit, and nothing else—would be taken into account. In these circumstances why should we have fears?

As to the dispatch that went from Ottawa to a newspaper, anyone who has been in public life as long as I have been knows what significance attaches to such statements. They are simply part of a propaganda. I particularly remember certain dispatches which passed to a certain Montreal newspaper in the late days of 1921, and whose falsehoods were as black and filthy as any that ever went from one spot on earth to another, over wire or clothes-line. I do not ascribe to this recent dispatch anything of the abhorrent character of the others, which I mention simply as an illustration. Do not think because some newspaper considers it worth while to cast suspicions abroad for its own end that the system devised by Parliament after

long years of debate and trial is necessarily wrong.

Hon. Mr. MURDOCK: May I ask the right honourable gentleman this question? Does he hold that if the Bill as now amended passes, all the employees of the Montreal and other harbour commissions will be confirmed in their positions, and that the Civil Service Commission will fill only such vacancies as may occur from time to time?

Right Hon. Mr. MEIGHEN: The Civil Service Commissioners take the job in hand, and on the information they get from the harbour commission and its superior officers, if they find a man's job is necessary and he is competent, they approve of his staying there. If they find his job is not necessary, or he is not a good man, they let him out. But in letting anybody out they are careful to avoid any disturbance of the public service. Therefore the men now employed will be retained, if fitted for their jobs, and presumably most of them, if not all, will be retained until unfitness is proved and better men are found to take their places. I am giving in my own words what I understood to be the purport of Mr. Bland's evidence before the Senate committee. I think the honourable senator from Parkdale was present and heard the evidence.

Hon. Mr. MURDOCK: Yes.

Right Hon. Mr. MEIGHEN: I do not think I have misinterpreted Mr. Bland's evidence at all.

Hon. Mr. SINCLAIR: Honourable senators, if I understand the Civil Service regulations with regard to dismissal, I think it is the prerogative of the department concerned. I think that was the rule when, some years ago, the Civil Service Commission was first placed in control of the Civil Service. The employees then engaged were blanketed in, and the commission was only to carry on from that date, under the rules of the Civil Service Act. But in this case, if I understand aright, the effect of the amendment we have made to the Bill will be to throw out of employment all those now employed, and if they are reinstated they will have to come under the regulations of the Civil Service Commission. I think my right honourable friend will not contend that that was the rule followed for the Service generally when the Civil Service Commission was first established. It is hardly fair to apply a different rule now.

Right Hon. Mr. MEIGHEN: This Bill does not throw anybody out of employment, but it does place the positions in the hands of the Civil Service Commission, and the commission acts on the principles defined by the chairman, Mr. Bland.

Hon. Mr. SINCLAIR: The positions, but not the disposition of the employees.

Right Hon. Mr. MEIGHEN: Yes. In the disposition of the employees the Civil Service Commission acts on the principles which Mr. Bland explained before the committee, and which I have sought to restate to the House. When the present appointments are confirmed, or any changes are made which, after consultation with the Minister, the Civil Service Commission thinks fit, then the power of dismissal is solely with the commission which the Government will appoint. It is not with the Civil Service Commission at all.

Hon. Mr. MURDOCK: The port manager.

Right Hon. Mr. MEIGHEN: No; under the Bill it is with the Harbours Board entirely. It was intended to define certain powers of the port manager, but, as the honourable member will recall, the committee decided after debate not to define the duties. So the power of dismissal will be entirely with the Harbours Board.

Hon. Mr. L'ESPERANCE: I desire to put a question which I had intended to put in the committee. Unfortunately I was unable to be present when the Bill was under discussion there. I am not clear as to what authority the port manager will have.

Right Hon. Mr. MEIGHEN: Nobody is.

Hon. Mr. L'ESPERANCE: But that is important. The port is to be managed by the port manager. What will be his authority over the employees?

Right Hon. Mr. MEIGHEN: The Bill is silent on that. The amendment defining his authority was either defeated or abandoned —I forget which—but word was brought to us from the Minister that he would tolerate no such definition.

Hon. Mr. L'ESPERANCE: That does not quite—

Right Hon. Mr. MEIGHEN: That is not satisfactory?

Hon. Mr. L'ESPERANCE: No. Is the port manager to have no authority over the employees? During the four years I was Chairman of the Harbour Commission of Quebec the commissioners had complete control over the harbour staff. If the port

manager has no authority whatever over the employees, then, so far as I can see, he will not be able to manage the port at all.

Right Hon. Mr. MEIGHEN: That is right.

Hon. Mr. COTE: Honourable members, I am very much impressed by the point raised by the honourable senator from Parkdale (Hon. Mr. Murdock). By this Bill the statutes under which the local harbour boards were established are to be repealed, and it strikes me that unless provision is made to take care of the employees, directly this Bill becomes law they will no longer be in anybody's employment. When the Bill came before the standing committee clause 4 empowered the board to employ such professional, technical and other officers as it might deem necessary. I was under the impression then, and I am still, that if the Bill had gone through as originally drafted the staffs of all the harbour boards would have been no longer employed. The new central board could then have stepped in and re-engaged them. In this respect I do not see that the situation has been changed by the amendment inserted in committee, to the effect that the board may, subject to the provisions of the Civil Service Act, employ such assistance, and so on, as it may deem necessary. It seems to me that the board will have to make a requisition to the Civil Service Commission for an entirely new set of employees. If so, as pointed out by the honourable senator from Parkdale, the present employees in many instances could not possibly qualify for re-engagement. Personally I think a clause should be inserted to continue the staffs of the harbour boards until their services are dispensed with.

Some Hon. SENATORS: Question!

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

CUSTOMS TARIFF BILL

CONCURRENCE IN COMMONS AMENDMENTS

Hon. Mr. DANDURAND moved concurrence in the amendments made by the House of Commons to Bill 71, an Act to amend the Customs Tariff.

He said: The amendments are not of any importance.

Right Hon. Mr. MEIGHEN: I find this is one of the amendments:

1. That the schedules or lists intituled by the Senate "Schedule A," "Schedule B" and "Schedule C" be transfered to the end of the Bill, after section seven thereof.

I thought we had done that.

Hon. Mr. DANDURAND: I thought so.

Right Hon. Mr. MEIGHEN: But if not, it should be done.

The second amendment is:

2. That section seven of the Bill be amended on line 4 of page 19, by striking out the words "preceding sections," and substituting therefor the words "schedules hereto."

This amendment would be incidental to the first, if it is correct that the first amendment was not made by this House.

Right Hon. Mr. GRAHAM: I thought we did that in committee.

Right Hon. Mr. MEIGHEN: I thought so too. It looks as if the House of Commons is trying to take credit for our amendments.

The motion was agreed to.

SPECIAL WAR REVENUE BILL

CONCURRENCE IN COMMONS AMENDMENT

Hon. Mr. DANDURAND moved concurrence in the amendment made by the House of Commons to Bill 76, an Act to amend the Special War Revenue Act.

He said: I find that this amendment is on somewhat the same lines as the amendment to the previous Bill. It is as follows:

That clause 18 of the Bill (on page 19) be amended by inserting in line 2 of the said clause, immediately after the word "Act," the words "and the schedules hereto."

Right Hon. Mr. MEIGHEN: Yes. Apparently it is unimportant.

The motion was agreed to.

EXCISE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 77, an Act to amend the Excise Act, 1934.

He said: The purpose of the Bill is to give effect to the budget resolutions of May 1.

The schedule to the Act, which sets out the tariff of excise duties, is repealed, and re-enacted with the following changes:

1. The duty on spirits used for the manufacture, in bond, of patent or proprietary medicines, is reduced from $2.50 per proof gallon to $1.50 per proof gallon, which is the rate in force already for spirits used in the manufacture of spirits.

2. A like reduction from $2.50 to $1.50 per proof gallon is provided for spirits sold to licensed druggists, to be used in the preparation of physicians' prescriptions, etc.

3. Spirits distilled from native wine produced at a registered winery and used exclusively for the fortification of native wine by registered

wine manufacturers are relieved of all excise duty.

I think this is the only addition to the schedules which accompanied the budget speech.

Right Hon. Mr. MEIGHEN: Would the honourable gentleman explain clause 2 of the schedule, which appears on page 2 of the Bill? I see that there is a change, but there is no explanation given as to just what the change affects.

Hon. Mr. DANDURAND: There is a change from $2.50 to $1.50 per proof gallon for spirits sold to licensed druggists, to be used in the preparation of physicians' prescriptions.

Right Hon. Mr. MEIGHEN: No. The honourable gentleman has the wrong matter in mind. Clause 2 is a reduction of excise on Canadian brandy from $4 to $3. No reason is given, or even indicated.

Hon. Mr. DANDURAND: Clause 2 says:

On every gallon of the strength of proof, three dollars, and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon.

Canadian brandy is hereby defined as a spirit distilled exclusively from the juices of native fruits, without the addition of sugar or other saccharine matter, and containing not less than forty-two and seventy-five hundredths (42·75) per centum of absolute alcohol by volume.

Right Hon. Mr. MEIGHEN: It seems enough.

Hon. Mr. DANDURAND:

Provided that all spirits distilled prior to the second day of May, 1936, from wine produced from native fruits, shall be deemed to be Canadian brandy and shall be dutiable accordingly.

Right Hon. Mr. MEIGHEN: It used to be $4. Now it is $3. Why is that? Is it to encourage the making of brandy containing 42 per cent of alcohol? Would it be that the duty on French brandy was reduced and this is to equalize matters?

Hon. Mr. BEAUBIEN: Yes. It is to equalize the duty.

Right Hon. Mr. MEIGHEN: The explanation is not given.

Hon. Mr. MURDOCK: If you look at the sheet opposite to page 1 you will see the only explanation given.

Right Hon. Mr. MEIGHEN: I have that, but it does not give the explanation I ask for.

Hon. Mr. DANDURAND: It is a question of policy, I suppose, influenced perhaps by the honourable senator from King's (Hon. Mr. Hughes), who thinks smuggling may be reduced by a reduction in rates.

Right Hon. Mr. MEIGHEN: Did the Minister give no explanation in the Commons?

Hon. Mr. DANDURAND: I do not see any. We might take the third reading to-morrow. I shall have the explanation then.

Right Hon. Mr. MEIGHEN: Very well.

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

Right Hon. Mr. MEIGHEN: I should like to point out to my honourable friend that the Commons staff is more and more ignoring the Senate rule. In half the bills that come here we do not find the Act as it was, nor, as to a proposed change, any explanation that is an explanation. This is mere carelessness on the part of officials, and it should be corrected.

Hon. Mr. DANDURAND: I will convey the remarks of my right honourable friend to my colleagues. I myself am the chief sufferer from this lack of information.

COMBINES INVESTIGATION BILL

SECOND READING POSTPONED

On the order:

Second reading of Bill 97, an Act to amend the Combines Investigation Act.

Hon. Mr. DANDURAND: Is my right honourable friend ready to go on with this Bill?

Right Hon. Mr. MEIGHEN: I am prepared to make a few comments on it, but I am not prepared to commit myself definitely as to the way in which the difficulty should be met. It is not for me to explain what the difficulty is.

Hon. Mr. DANDURAND: I am ready to proceed.

Right Hon. Mr. MEIGHEN: Perhaps it would be as well to leave it until to-morrow.

Hon. Mr. DANDURAND: All right. I move that this order be discharged, and be placed on the Orders of the Day for to-morrow.

The motion was agreed to.

LOAN BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 98, an Act to authorize the raising by way of loan of certain sums of money for the Public Service.

He said: Honourable members, this Bill is very short, but the figures contained in it are substantial.

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 seven hundred and fifty million dollars, for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation from time to time unmatured securities of Canada, and for public works and general purposes.

This states the whole intention of this piece of legislation.

Right Hon. Mr. MEIGHEN: It is all right. It indicates that the Government has not gone over to Social Credit.

Hon. Mr. DANDURAND: No, not at present.

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

THIRD READING

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

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

DOMINION BY-ELECTIONS BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 78, an Act to amend the Dominion Elections Act, 1934 (Dominion By-elections).

He said: This Bill seems rather extensive for a measure with but one purpose. It governs the taking of the vote at Dominion by-elections, and is in conformity with the recommendations of the special committee of the House of Commons. It was deemed opportune to set up some machinery for by-elections. Such elections within the coming year could have been held on the basis of the old lists, but it was suggested in the House of Commons that legislation should be passed to provide for the holding of by-elections on the basis of lists prepared for that purpose. This is a matter which falls peculiarly within the jurisdiction of the House of Commons, and that House, as well as one of its special committees, reported unanimously in favour of the proposed Bill. I would suggest, therefore, that we give it our sanction without going into it.

Right Hon. ARTHUR MEIGHEN: This is peculiarly a Bill that we should not interfere with under ordinary circumstances, and I see no extraordinary circumstances here. It is true the recommendation of the Commons committee was unanimous; but apparently some question was raised in the House, principally by Mr. Cahan. However, as the objection was not carried to a conclusion, it is clearly our duty to pass the measure.

Hon. Mr. DANDURAND: I would suggest that we dispense with the committee stage but for the fact that the Law Clerk has proposed an amendment.

Right Hon. Mr. MEIGHEN: We can deal with it on third reading.

Hon. Mr. DANDURAND: I am informed that the chairman of the committee of the House of Commons has called the attention of the Law Clerk of the Senate to the fact that the Bill amending the Franchise Act, which is yet to come, contains some amendments which should be carried into this Bill; that there are certain words in the Franchise Bill as a consequence of which we might well amend this Bill.

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

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on the Bill.

Hon. Mr. Murdock in the Chair.

On section 2—amendments to apply in the case of by-elections:

Right Hon. Mr. MEIGHEN: This is a most extraordinary clause. I never before saw a bill containing a clause which stated what the bill did not do. Bills are usually confined to stating what they shall do. Why such a clause as this?

Hon. Mr. DANDURAND: Of course, this is an extraordinary piece of legislation. In order not to disturb in the least the Dominion Elections Act of 1934, it has apparently been deemed opportune to put in this clause.

Right Hon. Mr. MEIGHEN: Why not say that it shall not affect the War-time Elections Act?

Hon. Mr. DANDURAND: It does not come into conflict with that Act.

Section 2 was agreed to.

On section 3—by-elections:

Right Hon. Mr. MEIGHEN: It seems to me that the proper phrasing of this section should be:

In the case of a by-election of a member to serve in the House of Commons, to wit an election other than a general election following upon a dissolution of Parliament, The Dominion Elections Act, 1934, shall for the purpose of such by-election be deemed to be amended in the following respects.

The words "shall apply as if further amended in the following respects," as in the section, are not usual.

Hon. Mr. DANDURAND: I do not like to agree to my right honourable friend's suggested alteration, although it apparently would not change the meaning of the clause.

Right Hon. Mr. MEIGHEN: I will not press it if the Law Clerk thinks the effect would not be changed. But the wording is unusual.

Section 3 was agreed to.

Form No. 18 was agreed to.

On form No. 19—oath of person applying to vote:

Hon. Mr. DANDURAND: There is an amendment which will have to be moved to this form, and, in the same words, to forms Nos. 42 and 43. I would ask my right honourable friend to my right (Right Hon. Mr. Graham) to move that in form No. 19, after the words "that you have continued to be resident in this electoral district since the said date," the following be inserted:

until (naming the date of the issue of the writ of election).

Right Hon. Mr. MEIGHEN: I think the word "and" should be inserted before "until."

Hon. Mr. DANDURAND: I doubt it.

Right Hon. Mr. MEIGHEN: The meaning would be the same with or without "and," but it would be a little clearer with that word.

The CHAIRMAN: Since this Bill deals with by-elections, should not the prefix "by-" be inserted in the amendment?

Right Hon. Mr. MEIGHEN: I see the honourable senator's point. But in the case of a by-election one always speaks of a "writ of election" and not of a "writ of by-election." So I think the proposed amendment would be all right.

Hon. Mr. SINCLAIR: By adding the suggested words should we not be shortening the period of residence? If I understand it correctly, as the form reads now the voter must necessarily be resident in the district on the day of polling, when he presents himself to vote. That is, he must have been resident there from three months before the issue of the writ and until the polling day. But that would not be necessary under this amendment, for he would be able to qualify if he had been resident there merely for three months prior to the date of the issue of the writ.

Right Hon. Mr. MEIGHEN: The honourable gentleman may be more familiar with the situation than I am. Does he say that to qualify under the Dominion Elections Act a voter must have been a resident of the district at least from three months before the issue of the writ until the very day of the election?

Hon. Mr. SINCLAIR: Until polling day. That is the way the form would read without the proposed amendment.

Right Hon. Mr. MEIGHEN: It is not sufficient if he has been a resident from three months before the issue of the writ up to the date of the issue of the writ?

Hon. Mr. SINCLAIR: Well, that would be sufficient under this amendment.

Right Hon. Mr. MEIGHEN: Would it not be sufficient under the present law?

Hon. Mr. SINCLAIR: I thought a voter had to be a resident on the day of polling.

Hon. Mr. DANDURAND: I should not like to make any change in this amendment, because we shall have the same amendment to the Franchise Bill, which is to come up later. The chairman of the special committee appointed to deal with this matter made that statement to the Law Clerk of the Senate.

Hon. Mr. SINCLAIR: Can the honourable leader tell me whether the view I have stated of the present Act is correct?

Hon. Mr. DANDURAND: We might pass this amendment now, and when the Bill comes up for third reading to-morrow we shall have the Franchise Bill before us.

Right Hon. Mr. GRAHAM: I move the suggested amendment.

The proposed amendment was agreed to, and Form No. 19 as amended was agreed to.

Form No. 20 was agreed to.

On form No. 42—oath of person whose name is not on the certified complete copy of the list of electors for a rural polling division and who desires to vote:

Hon. Mr. DANDURAND: It will be necessary to make the same amendment to this form. After the words "that you have continued to be resident in this electoral district since the said date" the following should be inserted:

until (naming the date of the issue of the writ of election).

Right Hon. Mr. GRAHAM: I move this amendment.

The proposed amendment was agreed to, and Form No. 42 as amended was agreed to.

On form No. 43—oath of person vouching:

Hon. Mr. DANDURAND: In this amendment, too, after the words "that he or she has continued to be resident in this electoral district since the said date," the following should be inserted:

until (naming the date of the issue of the writ of election).

Right Hon. Mr. GRAHAM: I move the amendment.

The proposed amendment was agreed to, and Form No. 43 as amended was agreed to.

Form 44 was agreed to.

The preamble was agreed to.

On the title—An Act to amend The Dominion Elections Act, 1934 (Dominion By-elections):

Hon. Mr. DANDURAND: My attention has been called to the fact that there is no such Act as "The Dominion Elections Act, 1934 (Dominion By-elections)."

Right Hon. Mr. MEIGHEN: The title is wrong. As the honourable leader has pointed out, there is no such Act as "The Dominion Elections Act, 1934 (Dominion By-elections)." So there is no such Act to be amended. There is a Dominion Elections Act, 1934, and if the purpose of this Bill were to amend that Act the title should stop with "1934." But that is not the purpose at all, for that Act will remain just as it is after this Bill passes. This Bill is to provide for by-elections, and it does so by saying that in the case of a by-election the Dominion Elections Act shall apply, subject to certain changes. I cannot understand how this title got through the House of Commons.

Hon. Mr. DANDURAND: What title would you suggest?

Right Hon. Mr. MEIGHEN: I would suggest "An Act to provide for Dominion By-elections." The first clause of the Bill, the short title, will not have to be changed. I move that the title be changed accordingly.

The proposed amendment was agreed to, and the title as amended was agreed to.

The Bill was reported, as amended.

CANADA SHIPPING BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 53, an Act to amend the Canada Shipping Act, 1934.

He said: Honourable members, I need not give any lengthy explanation of the reasons for these amendments to the Canada Shipping Act. I would simply ask that the Bill be read a second time and referred to the Banking and Commerce Committee, where the various amending clauses may be considered in detail.

Right Hon. Mr. MEIGHEN: Honourable members, I have examined the Bill, and certainly feel it should be referred to the Committee on Banking and Commerce. There are many details, but in the main the Bill empowers the Minister to include under the expression "minor waters of Canada" such waters on the sea coasts of Canada as he may consider comparable with the minor waters described in the Shipping Act, and thus to permit masters holding certificates for minor waters to navigate ships in certain sheltered waters on the sea coasts. Those of us who live inland will not know much about the merits of the Bill until it is explained by maritime members of the committee.

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

VETERANS' ASSISTANCE COMMISSION BILL

SECOND READING

Hon. J. H. KING moved the second reading of Bill 28, an Act to assist towards the Employment of former Members of the Forces.

He said: This Bill is intended to carry out the recommendations of the Hyndman Commission. It is proposed to set up a commis-

sion not only for the purpose of making an exhaustive study of the problems of unemployed returned soldiers, but also for the purpose of trying to find them employment. To this end local voluntary co-operative committees are to be formed. The commission is to co-ordinate and co-operate with the National Employment Commission, which is now studying unemployment throughout Canada. The term of the commissioners is to be one year, but this may be extended for six months.

The sum of $500,000 has been set aside to enable the commission to carry on its activities.

Right Hon. Mr. MEIGHEN: One's heart sinks at the sight of bills to establish new commissions coming before us week after week. I wonder wherein the problem of finding employment for a returned man differs from the problem of finding employment for anyone else. Is not the very same problem now before the National Employment Commission? I complimented the Government on the man it had selected to be the head of that commission to study the whole question of unemployment in Canada. If he cannot make a success of the work, I do not know anybody in the Dominion who can. At the same time I am not very hopeful that even he will get very far, practically speaking. In the National Employment Commission Bill there is all manner of provision—utterly unnecessary, I know—for the appointment, first, of an advisory committee to advise the main commission, and then of sub-committees of the advisory committee. One sub-committee is to study and report on the question of women's employment, as if this could not be done just as well without statutory provision. Another sub-committee is to study and report with recommendations about youth employment. But by some mysterious lapse the Government forgot all about veterans' employment, and so it has to present this Bill. Does it not give one a headache? Nobody can be more keenly interested than honourable senators in getting veterans and everyone else employed. But why have this and that commission studying and reporting on what fundamentally is the same question? There may be some little difference in dealing with disabled men, but that is the only difference.

Hon. Mr. KING: The Bill embodies the recommendations of the royal commission appointed two years ago.

Right Hon. Mr. MEIGHEN: I know. But we could have placed the whole subject under one commission. Here we have a Bill to establish another commission. We shall become tangled up intellectually in these multiplying commissions, sub-divisions of commissions, and advisory bodies to advise these commissions. In this case $500,000 is set apart for a new set of men to study something. Well, I suppose we are reaching the stage where debt does not have to be paid anyway. So what is the difference?

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

Right Hon. Mr. MEIGHEN: Is this really the right title? As the honourable Minister told us, the purpose of the Bill is to establish a commission. I suppose the Prime Minister became rather ashamed of the term "commission" and decided to omit it from the cover of this Bill.

Hon. Mr. DANDURAND: I did not follow the work of the committee in the other House, but I have been advised of the representations made there. The condition of thousands of veterans is really pitiable. We know what they did for Canada across the seas. They were deemed entitled to special treatment, and under this Bill their needs will be given careful study.

MOTION FOR CONSIDERATION IN COMMITTEE

Hon. Mr. KING moved that the Senate go into Committee on this Bill.

Right Hon. Mr. MEIGHEN: Let us think over this Bill until to-morrow. I have not had time to read what was said about it in the other House. Really it is awful to think we are to keep on enacting this kind of legislation.

The Bill is entitled, "An Act to assist towards the Employment of former Members of the Forces." It is nothing of the sort; it is really a Bill to appoint a commission to study the subject of providing work for unemployed veterans, although already we have established a gigantic commission to obtain employment for everybody, including the unemployed veteran.

The Bill provides that the commission shall consist of three commissioners, who shall hold office for one year, and this term may be extended for another six months. There is to be a chairman. There will be remuneration: that could have gone without saying. The head office will be here, the cost to be provided by the country.

The duties of the commission are set out in clause 6. Will honourable members kindly keep their minds attuned to the provisions of the other Employment Commission Bill, which we had before us in the early part of

the session, and see if they can not detect its very tone and tenor in this Bill? I do not think there is a change of a word.

The Commission shall,

(a) carry out as soon as possible an investigation to ascertain the extent of unemployment among veterans in Canada, and classify those who are unemployed according to physical and mental capacity or incapacity to undertake gainful employment in restricted and unrestricted occupations, and in any other categories, which, after the investigation, the Commission may consider applicable;

(b) investigate and report upon methods at present utilized for the purpose of providing employment for veterans, particularly handicapped and disabled veterans;

(c) investigate and report upon proposals leading to the development of further agencies and schemes to provide for a speedy absorption of as many veterans as possible into employment.

It is wonderful how many different ways there are of saying the same thing.

(d) investigate and report on the possibility of re-establishing in gainful occupations handicapped and disabled veterans who are incapable of being absorbed into industrial employment, by the development of small holdings, community centres, and by such other methods as may be deemed practicable.

All of which could be done under the Bill passed some time ago.

(e) investigate into existing facilities for the care and maintenance of veterans while unemployed and report thereon with such suggestions or recommendations as may be deemed advisable.

Now, will honourable members please listen to this?

(f) co-ordinate and co-operate with the National Employment Commission in efforts towards the registration, classification and employment of veterans.

So endeth that specific list of duties—all a repetition of the Bill we passed about four months ago.

Now I come to the honorary local committee in clause 7:

The Commission, with the approval of the Minister, may appoint honorary local committees composed of persons resident in any locality willing—

(a) to assist the Commission in obtaining information relating to veterans which may be required for the classification of unemployed veterans.

I venture to say that the classification under the different departments which have been supervising this work for the last fifteen years is complete in every particular. All you have to do is go to the records and get the information.

(b) to investigate and report to the Commission upon measures and means in respect to the employment of veterans.

There must have been a struggle to draw out the Bill to this length.

(c) to assist the Commission in enlisting the co-operation of employers' and employees' associations as well as of such other public and private agencies as may be in a position to provide employment for veterans;

(d) to aid the Commission in any other way in carrying out the provisions of this Act.

Then in clause 9 there are two suggestions for co-operation:

(1) The Commission shall investigate and report to the Minister upon ways and means of co-operation between the Commission and

(a) any other commission or department of the Government,

(b) any provincial government or agency thereof,

(c) any veterans' association,

(d) any commercial, agricultural or industrial group or organization.

In subsection 2 it is told again to co-operate:

The Commission shall, subject to the approval of the Minister, co-operate with any commission, department, government agency, association, group or organization referred to in subsection one of this section.

Such is this Bill that we are to pass with serious mien.

Hon. Mr. KING: The Bill came from a special committee of the House of Commons, and no doubt it was drafted under the direction of that committee. In regard to my right honourable friend's suggestion that the work of the proposed commission might be done by the larger commission that has recently been appointed, we have since the Great War always made an exception for our returned soldiers. This has been the underlying principle of our legislation. For instance, to facilitate their entry into the Civil Service exceptions are made all along the line.

Right Hon. Mr. MEIGHEN: Why could not the National Employment Commission make exceptions?

Hon. Mr. KING: The Hyndman report very definitely recommends that a commission of this character should be set up.

Right Hon. Mr. MEIGHEN: But Judge Hyndman did not know about the other commission.

Hon. Mr. KING: No; but there would have been sharp criticism if the Government had undertaken to include this problem with the larger problem. I think we should be well advised to leave this problem more or less separate from the major one now being considered by another commission.

The Hon. the SPEAKER: When shall this Bill be committed to Committee of the Whole? Forthwith?

Hon. Mr. KING: To-morrow.

The motion was agreed to.

PENSION BILL

SECOND READING

Hon. J. H. KING moved the second reading of Bill 26, an Act to amend the Pension Act.

He said: This is another Bill from a special committee of the House of Commons which made inquiries into suggested amendments to the Pension Act. One of the amendments will increase the pension benefits that may be received, but another amendment has a limiting effect. I am informed by the officers of the department that one will practically balance the other, and there will not be any increase in the expenditure. The Bill is of the character that from time to time we receive from special committees which have heard evidence and made careful inquiry of returned soldiers' organizations and other persons who may see fit to appear. The Bill, I understand, was passed unanimously in the other House.

Right Hon. Mr. MEIGHEN: I have no objection to the Bill.

Hon. W. A. GRIESBACH: This Bill was before the committee of the other House for a long time. I see in it some signs of the beginning of the end of increased expenditure for pensions—which should be of interest to honourable members at this time. Other clauses clarify, tighten and speed up the administration of the law. This in time should bring about a decrease in costs.

However, one or two new factors have been introduced which I think are of some importance, and which honourable members may easily carry in their heads as I touch upon them. Subsections (a) to (d) of section 15, on page 8, have the effect of limiting retroactive pensions to twelve months from the date of grant. Honourable members are aware that a man may have applied for pension a dozen times between the period of demobilization and the present time. His application may have been rejected on all those occasions, or upon any of them, but finally—

Right Hon. Mr. MEIGHEN: He gets it.

Hon. Mr. GRIESBACH: —he gets his pension. Then the question arises: "If I am entitled to a pension to-day, was I not just as much entitled to it six years ago?" The law provided that such a contention was just. Consequently, when pension was awarded, six years of back pension might be awarded as well, and a man might receive a cheque for several thousand dollars as the first instalment of his pension. That is what is called a retroactive pension, and I suppose millions of dollars of retroactive pensions have been paid in Canada since the Pension Act came into effect. The clauses of this Bill limit the retroactive effect to twelve months from the date of grant of the pension. They cut off all that back pension that may have accumulated. Last year we paid out $850,000 in retroactive pensions, and I fancy that was not by any means the largest sum paid out in any one year. I think the House may anticipate some saving from this clause of the Bill alone.

Now I pass to section 11 of the Bill, which will be found on page 6. This section imposes a limitation as to dates of application. In the past a man could apply for pension at any time—and men have been applying since demobilization in 1919. In addition to limiting the date of application this section divides ex-service men into two classes: men who did not serve in a theatre of war, and men who did. A man who did not serve in a theatre of war cannot apply for a pension after the 1st of July, 1936. A man who did serve in a theatre of war has until the 1st of January, 1940; but it is provided that a man who served in a theatre of war may, by consent of the commission, have his claim admitted for consideration after that date. This clause is a salient feature of the Bill, and it is a new feature of our pension law, in that it fixes a date after which application shall not be received.

Then at pages 11 and 12 of the Bill there is provision for limiting the enumeration of disabilities on the second hearing, and for the consolidation of all claims, which thereafter become binding on the applicant. A man is prevented from applying for pension with respect to a disability for which a pension has been refused, and he makes a fresh application respecting another disability, with fresh evidence.

Another interesting feature is to be found in section 14 of the Bill, on page 7, which deals with the question of commuted pensions. About 1922 or 1923 provision was made for the commutation of pensions within a certain range—to 15 per cent, I think—and a man could take a fixed sum of money and retire from pension. Although that legislation was asked for by the men themselves, I thought it very unwise, and it was not long before it was proved to be. The question arose whether the disability had in-

creased in the meanwhile. It was finally enacted that a man who had commuted his pension might come back later and be placed upon pension as of the date of commutation, provided that his disability had not grown less, and that he repaid to the Government the amount of the commutation which he had received. He paid his commutation out of the accumulated pension. If a man took his commutation, say, in 1925, and came back in 1935 and was reinstated, his disability having increased in the meantime, his accumulated pension from the date of commutation would be greater than the amount of the commutation itself. Consequently he would still have a substantial sum coming to him. By section 14 of the Bill the provision for the restoration of pension is continued, but it is provided that upon the pension being restored, its recommencement shall be limited to a period of six months from the date of the application. Under this requirement the amount paid by way of commutation is wiped out. During the hard times many men applied for restoration, especially those whose disabilities had increased; and it is estimated that this provision will effect a substantial saving.

Within the next year or so honourable members may hope to see the fruits of the sections to which I have referred, in the form of a reduced expenditure with respect to these particular items.

The rest of the Bill consists of a clarification of the law, and a simplification and speeding up of the procedure, which, it is hoped, will result in a reduction of the cost of administration.

I do not think I can add anything.

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

THIRD READING POSTPONED

Hon. Mr. KING: With the unanimous consent of the House we might proceed with the Bill in Committee of the Whole.

Hon. Mr. HARMER: Third reading!

Hon. Mr. BEAUBIEN: Third reading to-morrow.

Right Hon. Mr. MEIGHEN: I do not know of any reason why the Bill should go to committee. It is my belief, from reading the Bill and from information I have received from other members of the House, that it has been very carefully drafted. Therefore, subject of course to any suggestions of Parliamentary Counsel, I do not think there is much we could do with it in committee. If we are going to dispose of it, we might just as well proceed to the third reading. However, in case something may turn up, I would suggest that we might leave the third reading until to-morrow.

Hon. Mr. KING: There is a slight amendment which I intend to move on the third reading. I shall do so to-morrow.

DAIRY INDUSTRY BILL

FIRST READING

Bill 56, an Act to amend the Dairy Industry Act.—Hon. Mr. Dandurand.

JUDGES BILL

FIRST READING

Bill 83, an Act to amend the Judges Act. —Hon. Mr. Dandurand.

JUVENILE DELINQUENTS BILL

FIRST READING

Bill 89, an Act to amend the Juvenile Delinquents Act, 1929.—Hon. Mr. Dandurand.

NATIONAL RAILWAYS AUDITORS BILL

FIRST READING

Bill 99, an Act respecting the appointment of Auditors for the National Railways.—Hon. Mr. Dandurand.

DOMINION BY-ELECTIONS FRANCHISE BILL

FIRST READING

Bill 81, an Act to amend The Dominion Franchise Act (Dominion By-Elections).—Hon. Mr. Dandurand.

INCOME WAR TAX BILL

FIRST READING

Bill 75, an Act to amend the Income War Tax Act.—Hon. Mr. Dandurand.

BRITISH NORTH AMERICA ACT—AUTHORITY TO AMEND

DISCUSSION CONTINUED

The Senate resumed from yesterday the adjourned debate on the question proposed by Hon. Mr. Lynch-Staunton:

That he will draw the attention of the Senate to, and inquire of the Government, whether it is the intention of the Government to take steps to have legislation passed by the Imperial Parliament to the end that the Parliament of Canada shall have the authority to from time to time amend the British North America Act as it may deem proper.

Hon. C. P. BEAUBIEN: Honourable senators, I take it that this is one of the most important matters ever submited to this House. Though it appeared to me at first as merely a theoretical question, I am now

convinced that before long it will enter into the realm of practical politics. We should be deeply grateful to honourable members who have participated in this debate, and especially to some of our older members, who learned to read our Constitution from those who helped to write it. In this connection I refer particularly to the honourable senator from Grandville (Hon. Sir Thomas Chapais), whose father played an outstanding part at the time of Confederation. I wish to offer my sincere personal thanks not only to him, but also to the honourable senator from North York (Hon. Sir Allen Aylesworth), and the honourable senator from Gloucester (Hon. Mr. Turgeon), who, if I may say so, have brought to us the wisdom of the past. I wish to acknowledge also my obligation to my honourable friend from Shawinigan (Hon. Mr. Bourgeois) and my honourable friend from Ponteix (Hon. Mr. Marcotte) for their splendid survey of modern interpretations of our Constitution. If anything has been established by the arguments of these honourable gentlemen and the numerous and weighty authorities they have cited, it is that, first of all, Confederation is a contract, and, secondly, that it cannot be amended without the consent of all the legislatures. The statement of a fundamental principle of that kind would almost appear superfluous in this House.

Considerable reference has been made to the report of the special committee named in another place last year to inquire into the best method of amending our Constitution. I must admit that when I read statements made before that committee by men of learning, high intellectual attainments and great ability, that Confederation was not a contract, I was very much astonished. Some of them went so far as to say that both from historical and constitutional standpoints the British North America Act must be considered not as a contract, but as a statute. Honourable senators will immediately realize how fundamentally essential it is to determine whether that is true or not. If the British North America Act is nothing but a statute, it may be amended like any other statute, without the parties thereto having much or anything to say. If it is a contract, the situation is altogether different, for under common law it cannot be amended unless the parties thereto are agreeable.

Now, honourable senators, is it not a fact that the British North America Act is both a statute and a contract? Of course it is a statute. But why was it passed? It was passed purely and simply to give constitutional effect to the compact that had been agreed upon by the provinces at the time of Confederation.

May I cite by way of analogy something that is a commonplace occurrence in the province of Quebec? If a person in my province wants to make a donation the law imposes upon him the obligation of doing so by notarial deed, and should he attempt to do it otherwise there would be no legal contract. If both the donator and the beneficiary are in agreement, the one to give and the other to receive, they appear before a notary, who registers their consent and expresses it in legal phraseology. There would be no donation if there were not on the one side the consent to give and on the other side the consent to receive. Transactions of that kind are taking place every day in my province. For instance, a farmer who has grown old transfers everything he owns to his eldest son, subject to specific conditions, the son agreeing to serve his father in certain respects. There you have all the elements required for a contract, and the only thing necessary to give it legal effect is a notarial deed.

At the time of Confederation the various sections of the country which desired to enter into union appealed to the Imperial Parliament for a statute. They all had agreed to a compact and signed it, but that compact had no constitutional existence until the British North America Act was passed. Therefore it seems to me that our Constitution is no less a contract than it is a statute.

All those who participated in the bringing about of Confederation stated time and time again that it was a contract, a compact, the result of agreement among all parties. That has been made clear by the older members who have spoken in this debate. And ever since 1867 the same view has generally been taken in Parliament by both political parties. There was a further recognition of it in the last Dominion-Provincial Conference, when it was acknowledged that all the provinces have a right to be consulted in any proposed amendment to the Act.

And here may I say that I suppose as a result of the recent Dominion-Provincial Conference there are at present in every provincial Attorney-General's Department specialists working on a formula of amendment. If I am right, we may expect next session—and that is not very far away—a move on the part of the Government to submit the formula which is now in the making. Therefore this question, which appeared at first to be nothing but one of principle, may involve matters of immediate politics. As a representative of the province of Quebec, speaking to honourable members on both sides of the

House who think, as I do, that Canada should not have power to amend its own Constitution, I say the hour is close at hand when the battle will have to be fought—in our own Parliament, first of all—to determine whether we shall maintain things as they have been since Confederation or enter into a new era which, as I see it, would be full of anxiety, trouble and danger.

Let us make no mistake: the gentlemen behind the new idea now being fostered throughout the country and prepared for submission to Parliament are no ordinary men. They are politically men of outstanding position. Why, honourable senators, the Prime Minister is one of them; he has so declared in the House of Commons. The Minister of Justice is one of them; he has time and again acknowledged himself in favour of such a change in respect of our Constitution. There are other gentlemen—indeed I might venture to state there are other Ministers, and perhaps there are even very eminent gentlemen within sound of my voice, converted to this idea. They are men absolutely above reproach and animated, no doubt, by patriotic sentiments.

It is only fair to add that these gentlemen cannot be suspected of any desire whatsoever of having this country secede from the British Empire. There are two very clear and forcible reasons for this. First, if they did accomplish their purpose the situation in this country would not be changed. If Canada should obtain the right to mould her Constitution with her own hands, there would not be a cubit added to the stature of her sovereignty. She would remain what she is. She would not be any freer than she is to-day. Everybody knows that we can use the very same power with respect to the British North America Act by applying to the British Parliament. Therefore, I repeat, nothing would be changed. If by acquiring this power ourselves we should weaken the British Empire, then it must be concluded that the Empire is in a very serious plight. Every Dominion except Canada has the power to amend its own Constitution; therefore, if the effort to obtain such power is a step towards secession from the British Empire, the British Empire must surely be hastening to dissolution.

The eminent men to whom I have referred are to be found not only in politics, but at the head of our universities. The investigation made by the special committee has revealed a surprising unanimity of opinion in respect to the proposition submitted to the Dominion-Provincial Conference a few months ago. May I mention particularly Dr. Skelton, a very able man, of broad culture and unquestionable patriotism. Therefore let us not minimize the power and influence of those who would like to see these ideas adopted first of all, I suppose, by Parliament, and then by the provincial legislatures.

The best way to meet the situation, in my opinion, is to see whether their reasons justify their stand. How do they expect to obtain, and by what formula do they expect to use, the power of amendment which they seek?

Honourable members, the first reason given by the men of high standing whom I have mentioned to justify Canada acquiring that power is that our Constitution is inflexible, rigid, petrified—ossified, if you like. I dispute that assertion. True, our Constitution cannot be changed without the consent of the contracting parties. But between that condition and the assertion that our Constitution is inflexible there is the widest difference in the world. The Constitution is so made as to be adaptable to new conditions. It expands, so to speak, as conditions expand throughout the country. Our Constitution has been framed with such wisdom that in it there is a balance wheel, and when a need which is peculiar to a province expands and becomes national, then the power to meet that need passes from the province to the Dominion. May I quote on this very important point the testimony given by a very capable public servant, Mr. Edwards, the Deputy Minister of Justice? When before the special committee of the House of Commons he said:

> A good deal has been said about the failure of the Fathers of Confederation to anticipate the necessity which might arise for the amendment of the Constitution. Personally I do not think that they failed to anticipate such necessity; but I think they deliberately framed the Constitution so as to make it subject to expansion by its own terms as the needs and as the problems of the country develop. In some of the self-governing Dominions and in other countries where a federal system prevails, there are fixed provisions for the amendment of their Constitution; but in most, if not all, of those countries their constitutions are not similar to ours in this respect, that the residuary powers rest with the states and not with the central authority as it does in Canada. Therefore I think that the Fathers of Confederation deliberately provided a scheme whereby all matters that are essentially national in their scope would be within the exclusive competence of Parliament. They did that by vesting in the Dominion Parliament the residuary power, and in giving to the provinces their legislative powers they were very careful to make it clear that the legislative jurisdiction of the provinces was not, in any case, to extend beyond matters and rights situate in the province itself, matters of purely provincial or local concern.
>
> Now, I need not go through all the enumerated heads of jurisdiction, but if you glance

down to what is the main item of provincial jurisdiction, property and civil rights, you will find that while the expression "property and civil rights" is one of very, very particular designation, they were very, very careful to say it was property and civil rights in the province. Therefore if at any time in the development of Canada a matter ceases to be a matter of property and civil rights in the province, it clearly belongs to the Dominion under the residuary power for the good government of Canada, which is found in section 91. I suggest therefore that the committee might well consider allowing the matter of the amendment of the British North America Act to proceed as it has proceeded in the past, and leave the effect of what has been done to the determination of the courts, thereby avoiding all the difficulties and differences which might arise if any effort were made to fix a precise method of amending the Constitution so as to reopen that balance of power which was so carefully provided at the time, and which has worked, in my judgment, very satisfactorily up to the present time.

Another gentleman, Mr. Ollivier, a legal official attached to the House of Commons, said:

In his statement before your special committee the Deputy Minister of Justice indicated that the object of the resolution now before the committee was to enable Parliament to deal effectively with urgent economic problems which are essentially national in their scope, and that in his view problems of that kind are now within the competence of Parliament under the British North America Act as it stands, because the Fathers of Confederation by vesting in the Dominion Parliament the residuary power had provided a scheme whereby all matters that are essentially national in their scope would be within the exclusive competence of Parliament. I have no doubt that this statement respecting the powers of the Federal Parliament is correct, especially in view of the trend of the judicial decisions of the Privy Council respecting constitutional questions, and more particularly in view of the decision in the Aerial Navigation case, where Lord Sankey said that the British North America Act was a great constitutional charter, the underlying object of which "was to establish a system of government upon essentially federal principles," adding a little later that "the real object of the Act was to give the Central Government those high functions and almost sovereign powers by which uniformity of legislation might be secured on all questions which were of common concern to all the provinces as members of a constituent whole."

Therefore, honourable senators, my first point is that the British North America Act cannot be altered any more than any other contract. Has anyone ever seen a contract that could be amended without the consent of the contracting parties? Why, mutual consent is the very essence of a contract. When agreeing to confederate the contracting parties did just what parties to any ordinary agreement would do: they laid down certain conditions and expressed by their signatures their undertaking to fulfil these conditions. Some people may contend that, envisaged from this point of view, the British North America Act is essentially rigid, but I say that every ordinary contract must be so considered. On the other hand, I am absolutely opposed to the opinion that our Confederation agreement is not adaptable to changing conditions in this country.

Now, honourable senators, what was the second reason alleged as requiring that Canada should be empowered to amend her own Constitution? The second reason was that the Dominion must help the provinces to find additional revenue, which they require. I can deal with that point briefly. The provinces already have the power to tax directly, and a few days ago this House decided it would be unwise to enable them to impose indirect taxes. During the last twenty years governmental expenditures in this country have run riot in all fields, municipal, provincial and federal, the largest increases having been made by the provinces. Over the period from 1914 to 1934 governmental expenditures in Canada grew to the extent of these alarming percentages: municipal, 207 per cent; federal, 276 per cent, and provincial, 381 per cent.

Honourable senators, I did not realize I had spoken beyond six o'clock. In view of the lateness of the hour, I beg to move the adjournment of the debate.

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

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: I would remind my colleagues that the Banking and Commerce Committee is to meet to-night at 8 o'clock. As it will deal with important legislation which might have been examined in Committee of the Whole, I hope all honourable senators who are members of that committee will attend.

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

THE SENATE

Wednesday, June 17, 1936.

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

Prayers and routine proceedings.

CANADA SHIPPING BILL

THIRD READING

Bill 53, an Act to amend the Canada Shipping Act, 1934.—Hon. Mr. Dandurand.

DEPARTMENT OF MINES AND RESOURCES BILL

THIRD READING

Bill 79, an Act respecting the Department of Mines and Resources.—Hon. Mr. Dandurand.

PRINTING OF PARLIAMENT

REPORT OF JOINT COMMITTEE

Hon. SMEATON WHITE presented the first report of the Joint Committee of both Houses on the Printing of Parliament, and moved concurrence therein.

Hon. Mr. DANDURAND: Last session I was reproached by some honourable senators for accepting the report without giving them time to examine it. I do not wish to lay myself open to the same reproach again, and would suggest that the report be taken into consideration to-morrow.

Hon. SMEATON WHITE: To-morrow, then.

The motion stands.

DIVORCE STATISTICS, 1936

Hon. L. McMEANS: Honourable senators, I believe it is the custom to present, towards the end of the session, a final report of the Committee on Divorce.

For the present session 45 notices of intention to apply to Parliament for bills of divorce, and one for annulment of marriage, were given in The Canada Gazette. Of the foregoing 45 petitions were actually presented in the Senate and dealt with by the Committee on Divorce, as follows:

Unopposed cases heard and recommended	39
Opposed case heard and recommended	1
Opposed cases heard and rejected	2
Applications withdrawn, not dealt with owing to delays not having expired, etc.	3
	45

Of the petitions recommended 11 were by husbands, and 29 by wives.

Of the applications recommended all were from residents of the province of Quebec.

An analysis of the occupations of the applicants is as follows: bookkeeper, chauffeur-houseman, clerk, cotton classifier, hairdresser, manager, manufacturer, married women, mechanic, railway engineer, salesmen, school teacher, stock broker.

The committee held fifteen meetings.

In 18 cases the Committee on Divorce recommended that part of the parliamentary fees be remitted.

Assuming that all the bills of divorce recommended by the committee and now in various stages before Parliament receive the Royal Assent, the comparison of the number of divorces and annulments of marriage granted by the Parliament of Canada since the passing of the Ontario Divorce Act is as follows:

1931	39
1932	27
1932-33	24
1934	38
1935	30
1936	40

EXCISE BILL

THIRD READING

Bill 77, an Act to amend the Excise Act, 1934.—Hon. Mr. Dandurand.

DOMINION BY-ELECTIONS BILL

THIRD READING

Bill 78, an Act to provide for Dominion By-Elections.—Hon. Mr. Dandurand.

PENSION BILL

MOTION FOR THIRD READING

Hon. Mr. KING moved the third reading of Bill 26, an Act to amend the Pension Act.

Hon. Mr. LITTLE: Honourable members of the Senate, I move that this Bill be not now read a third time, but be amended as follows:

Page 5, lines 32 and 40, by striking out the word "seconded" and substituting therefor the word "transferred."

Hon. Mr. KING: I may say, honourable senators, that this amendment is suggested by the Law Clerk. He advises me that the word "seconded" applies to military and not to ordinary operations, and that the word "transferred" is preferable. The officers on the staff are not particularly desirous of having the change made, but, as I say, the Law Clerk recommends it.

Hon. Mr. GRIESBACH: I do not understand the amendment yet. Does it refer to the present Pension Commission's duty of adjudicating on pensions of members of the

permanent force, that is, the continuing organization? This has nothing to do with veterans of the Great War?

Hon. Mr. KING: No; that is not the amendment.

Hon. Mr. GRIESBACH: Then I do not know what it is about.

Hon. Mr. KING: I will send the written amendment over to the honourable gentleman.

Right Hon. ARTHUR MEIGHEN: Honourable members, I do not feel prepared to discuss the Bill as fully as I should like to discuss it. Yesterday I did not have accurate information as to the technical, and particularly the legal, sanctions of this measure. I understood that throughout it had the approval of Mr. Justice Taylor. If it had, I should not feel that I ought to examine it as carefully as if it had only the approval of others, whom I do not know so well. But I cannot help being disturbed as to the pension situation and some phases of this measure. We are many years past the War, yet our bill for pensions shows hardly any signs of diminution.

It appears that the weakness of the position may be stated in this way. The power of the Crown to appeal was abolished long ago. The applicant has full right of appeal from the decision rendered by the Pension Commission. If his application is not granted he can go to a quorum, from there to a reviewing officer, and, finally, to the Pension Appeal Court. It is only right that if an error is made against an applicant there should be some means of remedying it. That means does exist, and it is so full that nothing could be added to it. But if an error is made in the other direction there is virtually no way by which it can be corrected.

The Pension Commission has consisted, I understand, of twelve members, of whom six are medical men, one is a lawyer, one a judge, and four are laymen. Unless a person makes some study of the subject he is likely to think that doctors are by their training better fitted for this class of work than any other men. No doubt much medical testimony is given before the Commission. Medical testimony, though, requires for its weighing in a court of law just the same legal acumen as any other testimony does. The fact is that the questions to be decided are not, in the main, medical questions at all. When an applicant presents his case medical testimony is given as to his condition and what he suffers from. No doubt that is quite easily established in most cases, and probably there is not much difference of opinion on the point. If that were the subject for determination, medical men would probably make better commissioners than even judges, or at least they would be as good. But that is not the real point to be decided at all. What the commissioners have to determine is the question of attributability, and that depends upon the rightness or wrongness of a series of alleged facts brought out in evidence.

On the commission there are a number of medical men determining questions that have little or nothing to do with medicine. Even if medical points were involved, there still would be necessity for applying at least certain broad and understandable judicial principles that have come down through the years. My information is that the commission itself has corrected in a year no fewer than 550 of its own mistakes which had been disclosed to it. In addition, of course, there were decisions corrected on appeal taken by applicants. This does not seem to me a healthy state of affairs, and it will be even worse if the Bill goes through in its present form.

I am merely indicating now what a brief examination of the measure has suggested to my mind, because I intend to ask for a postponement of the third reading until I can study the Bill more fully. In the meantime those who are promoting it through the House may be in a position to give a complete answer to what I say.

I understand that if the measure passes as it now is, errors that heretofore have been correctable will be perpetuated and placed beyond the pale of correction. Is that really sound legislation? It seems to me legislation of a most dangerous kind, particularly when it is recalled that, as I mentioned before, the right of appeal on behalf of the Crown was long ago abolished.

I will not proceed with a more detailed criticism now. Everyone is reluctant to say anything that might appear as imposing the slightest obstacle in the way of pensions. Certainly no one wants to impede the granting of pensions in all deserving cases. But we know that in this field of human appeal the opportunities for imposition are multitudinous, and there is just as much inclination to avail oneself of them as in any other field. Unless we in this House maintain as close supervision of this pension subject as we conscientiously can, the situation will not improve. I would suggest to the mover that until more detailed attention can be given to the measure—say, tomorrow—the motion for third reading be not pressed.

Hon. Mr. KING: I am quite agreeable to my right honourable friend's suggestion that the third reading be postponed. Shall we pass the amendments now?

Right Hon. Mr. MEIGHEN: It would be better to have them considered now. I understand the intention is to add still another member to the Pension Appeal Court, and it is intimated that the new member is to be a doctor. With all respect to the medical profession, I think it would be just as well to appoint a doctor to the Supreme Court.

The amendment of Hon. Mr. Little was agreed to.

Hon. Mr. HORSEY: Honourable senators, I move the following amendment to clause 11:

Section 12A. Delete the words in line 27 and substitute therefor the following: "In respect of military service rendered during the War a pension for disability."

Hon. Mr. KING: The reason for this amendment is that as the Bill now stands it would exclude active militia men, and that is not the intention. The defect would be cured by the proposed amendment.

The amendment of Hon. Mr. Horsey was agreed to.

Hon. Mr. KING: In deference to the wish expressed by my right honourable friend opposite, I would ask that the third reading be taken up to-morrow.

The motion for third reading stands.

SUPREME COURT OF CANADA

ABOLITION OF APPEALS FROM UNANIMOUS JUDGMENTS—DEBATE POSTPONED

On the order:

Resuming the adjourned debate on the motion of Hon. Mr. Casgrain:

That in the opinion of the Senate, a judgment of the Supreme Court of the Dominion of Canada, when unanimous, should be final except in constitutional cases.—Hon. Sir Allen Aylesworth.

Hon. Sir ALLEN AYLESWORTH: Honourable senators, I am altogether opposed to this motion, and want to try to answer some of the arguments which have been advanced in support of it. To do so, however, would take considerable time, and with the Order Paper as full as it is to-day with matters of legislative importance, I ask the consent of the Senate to move the adjournment of the debate until to-morrow.

The debate was adjourned.

DEPARTMENT OF TRANSPORT BILL

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 80, an Act respecting the Department of Transport.

Hon. Mr. Robinson in the Chair.

The Bill was reported without amendment.

THIRD READING

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

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

COMBINES INVESTIGATION BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 97, an Act to amend the Combines Investigation Act.

He said: Honourable senators, section 24 of the Combines Investigation Act was amended last session by the addition of the words "or documents." This is the section which protects a witness who may give incriminating evidence before the commission. The Chief Commissioner of the Dominion Trade and Industry Commission, which now administers the Combines Investigation Act, has in a letter to the Prime Minister drawn attention to the danger of retaining the word "documents." The letter explains the reason for this Bill, and I shall therefore read it:

Dominion Trade and Industry Commission
Canada

Ottawa, May 6, 1936.

Right Honourable W. L. Mackenzie King, P.C.,
Prime Minister,
Ottawa.

My Dear Prime Minister:—

I have observed that in your statement to the House of the business to come before it this session you mentioned a possible amendment to the Combines Investigation Act. I have frequently discussed the matter of amendments with Mr. McGregor and there are a number of amendments which, in our opinion, would be advisable, but we feel that there is one which is a necessity if any investigations are to be made under the Combines Investigation Act. In my opinion it would be absolutely unsafe to go on with an investigation—at least an investigation which might be expected to result in a criminal prosecution—without an amendment to section 24 of the Act. This section was amended in the dying days of the last session in the Senate, and the House of Commons concurred in the amendment, very possibly without having had any real opportunity to consider it. In the result, documents which the investigator, under the Combines Investigation Act, might require to have produced to him in his investigation would be privileged and not admissible against the offender in a subsequent prosecution if section 24 remains in its present position. The section as it stands now is as follows:

"24. No person shall be excused from attending and giving evidence and producing books, papers, or records, in obedience to the order of the commission, on the ground that the oral evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such evidence or documents so required shall be used or receivable against such person in any criminal proceedings thereafter instituted against him, other than a prosecution for perjury in giving evidence upon such investigation, inquiry, cause

or proceeding. 1923, c. 9, s. 18; R.S., 1927, c. 26, s. 24; 1935, c. 54, s. 17."

If your memory will carry you back to the Combines Investigation Act when it was introduced in 1923, you will perhaps recall that the corresponding section as the Act was drafted was in substantially the form of section 24 as it now exists, but as the Bill was going through the House you had the section amended to strike out the words "or documents," as it appears now in line six of section 24, and inserted the word "oral" before "evidence," which latter word is now the first word in the sixth line.

I am quite satisfied in my own mind that the Dominion Trade and Industry Commission —of which I am Chief Commisisoner—would not risk having an investigator require the production of any documents until this Act is amended.

I hope it may not be considered presumption on my part to say the amendment suggested is indispensable to a proper administration of the Combines Investigation Act.

Yours faithfully,

George H. Sedgewick,
Chief Commissioner.

The proposed amendment will restore the clause to its original form.

Hon. Mr. SUTHERLAND: I believe there is another amendment to this Bill, reducing the penalty which can be imposed for an offence under the Act.

Hon. Mr. DANDURAND: Would my honourable friend indicate the clause to which he refers?

Hon. Mr. SUTHERLAND: Section 34.

Hon. Mr. DANDURAND: I think this second amendment is to correct a clerical error. I will read only a portion of the clause:

If any person, who has been duly served with an order . . . fails to attend . . . he shall . . . be guilty of an offence and liable upon summary conviction to imprisonment for a term not exceeding six months or a fine not exceeding one thousand dollars, or to both such fine and imprisonment.

As it stands at present, it reads:

—be guilty of an offence and liable upon summary conviction to imprisonment for a term not exceeding six months and a fine not exceeding one thousand dollars, or to both such fine and imprisonment.

The error is manifest.

Right Hon. Mr. MEIGHEN: Yes.

Honourable members, I want to make a brief comment on the letter of Mr. Justice Sedgewick, just read by the leader of the Government. The intimation of the letter is that the amendment made in this House, and accepted by the other House, was merely in the nature of a last gasping spasm while we were in the midst of death. As far as this House is concerned, it was nothing of the kind. It was a carefully considered amendment, its object being nothing more nor less than to accord to business men engaged in legitimate enterprise and employing large numbers of people, in respect of offences alleged under the Combines Investigation Act, the same liberties and the same rights as are accorded to persons accused of banditry and crime. The feeling of the committee was that all the extraordinary powers incident to investigation should not be made an instrument to place a business man charged with an offence under the Combines Investigation Act in a worse position, as respects his defence, than a bank bandit accused of robbery.

We have to keep in mind that on this subject of combines and offences against the Combines Investigation Act there is about as much inconsistency and utter, malodorous nonsense talked as on anything in the world to-day. In one-half of our activities we are seeking combination; seeking to eliminate the expense and destructive extravagance of competition. We are struggling to do so to-day, for example, in the production of paper. One consequence of unlimited competition, competition as free as it was in the days of Noah, has been that this Dominion has been denuded of one of our greatest, most priceless and irreplaceable assets as quickly as the axe could do it. The result is that governments, in their effort to eliminate anarchy from the paper industry and bring that industry under some measure of control, are now permitting practically all the things prohibited under the Combines Investigation Act. A similar change has occurred in the United States over the whole field. In fact, one of the main features of their New Deal legislation is the effort to compel the adoption of principles denounced and punished as criminal under their Combines Act. Yet here, if a man who does not happen to be in an industry in respect of which it is sought to restore order is accused of a contravention of the law, he is not to be allowed the rights of a bank bandit in respect of his defence.

The amendment made last session may have been wrong. If so, there may be some way of correcting it. In fact, I think I can see in it a feature which is difficult to defend. At the same time the major feature of it is absolutely right.

I rose only to say, though, that the amendment was not made in the act of dying, as indicated in the letter. We do not do things that way here—

Right Hon. Mr. GRAHAM: Unless we are crowded.

Right Hon. Mr. MEIGHEN: —and I do not think the Commons accepted it in a dying gasp. We will correct it calmly, if we can correct it. I do not like to see our work

castigated as it is in the language of that letter.

Hon. Mr. CASGRAIN: Last session a legal gentleman who is now, I believe, the Law Clerk of the Senate, prepared a Bill from which it seemed that the Combines Investigation Act, as it was in the Statutes, was all wrong. At the same time, on top of that, we found this Parliament passing an Act called the Marketing Act, by which farmers in a certain region, say, in New Brunswick, hoped to hold up the price of potatoes. Would that be a combine or would it not?

Right Hon. Mr. MEIGHEN: The honourable member will be glad to know that in the Supreme Court this afternoon, so I am informed, that Act was declared invalid.

Hon. Mr. CASGRAIN: Thank God!

Right Hon. Mr. MEIGHEN: We struggled so much to legitimize combines that we exceeded the Constitution.

Hon. Mr. CASGRAIN: I am glad of that. The farmers got together and withheld the product from which the staff of life is made. The Wheat Pool defied creation. Was that a combine or was it not?

Some Hon. SENATORS: Sure!

Some Hon. SENATORS: No.

Hon. Mr. CASGRAIN: Did that question also go before the Supreme Court?

Hon. Mr. DANDURAND: That was a pool.

Hon. Mr. CASGRAIN: A pool is a combine. If anybody can show me the difference between a pool and a combine, I will sit down and let him proceed. A pool and a combine are the same thing.

The farmers of the Northwest had a pool, and it went against them. I have here in my desk figures showing what happened. Before that pool was established there was no carry-over. In the year 1917, when there was no pool, the farmers of the Northwest received for every acre they cultivated $21.50—enough to give them a good profit and enable them to pay for their land in twelve months. They were not satisfied with that. I should be very glad to lay these figures on the Table of the House. As soon as the Wheat Pool was established the farmers would not sell at the market price. They could have got $1.40 or $1.50 for part of their crop. If that was not the worst combine that ever was organized, I do not know what was. Did anybody rise up against those farmers? No. They had votes and everybody was afraid to go against them.

Hon. Mr. GILLIS: Were the people not entitled to do just as they felt disposed to do for their own good, no matter what the commodity might be? Had they no right to take steps to increase profits? Had they no right to get together and dispose of their commodity?

Hon. Mr. CASGRAIN: How much did the country lose on that combine?

Hon. Mr. GILLIS: Nothing.

Hon. Mr. CASGRAIN: The honourable gentleman comes from the West and he ought to know to a dollar what was lost, and why. It was because they held the staff of life.

Hon. Mr. GILLIS: The country did not lose anything. The fact that the country is producing is to the advantage of the whole Dominion of Canada.

Right Hon. Mr. MEIGHEN: I assume this Bill is going to committee.

Hon. Mr. DANDURAND: Committee of the Whole. There is only one word altered.

Right Hon. Mr. MEIGHEN: I should not want it to go to Committee of the Whole to-day, because—

Hon. Mr. DANDURAND: Committee of the Whole to-morrow.

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

VETERANS' ASSISTANCE COMMISSION BILL

THIRD READING

On the order:

The House in Committee of the Whole on Bill 28, an Act to assist towards the employment of former Members of the Forces.

Right Hon. Mr. MEIGHEN: This is the Bill that was discussed yesterday.

Hon. Mr. KING: Yes.

Right Hon. Mr. MEIGHEN: I understand there is another Bill with much the same deceptive title—

Hon. Mr. KING: No.

Right Hon. Mr. MEIGHEN: —that is coming to us.

Hon. Mr. KING: The other Bill is an amendment to the Veterans' Allowances Act, which has been in operation for the last six years. The amendments to this Bill are minor ones.

Hon. Mr. HARDY: Does this mean still another commission?

Right Hon. Mr. MEIGHEN: I strongly recommend that the honourable senator from Leeds (Hon. Mr. Hardy) read what I said yesterday.

Hon. Mr. HARDY: I did.

Right Hon. Mr. GRAHAM: A bad influence.

Right Hon. Mr. MEIGHEN: I do not object to the Bill going to committee if any member of the Senate has in mind amending it. As far as I can see, the Bill is along precisely the same lines as the National Employment Commission Bill, passed earlier in the session. It follows that Bill step by step; it is equally vague, equally aimless, and equally worthless. I do not see any need of going into committee.

To be just to the Bill, I should say there is a distinction between it and the earlier statute: the title is different. The previous Bill was entitled "an Act respecting the establishment of a National Employment Commission." The Government evidently was ashamed to have it go out to the country that it was erecting another commission; so it called this "an Act to assist towards the employment of former Members of the Forces." Why depart from the precedent set earlier in the session? Is the reason I give the right one or the wrong one? If the Government intends to give the Bill its true title, there is some reason for going into committee; otherwise I do not see any object in doing so.

Hon. Mr. DANDURAND: My honourable friend is somewhat severe in his strictures upon the work of the other Chamber.

Right Hon. Mr. MEIGHEN: Work?

Hon. Mr. DANDURAND: This is the child of a very important committee of the House of Commons, which worked for weeks and brought forth this Bill as well as the one—

Right Hon. Mr. MEIGHEN: The old story of the mountain and the mouse.

Hon. Mr. DANDURAND: The returned soldiers and their families are organizing their lives—

Right Hon. Mr. MEIGHEN: Under commissions.

Hon. Mr. KING: My right honourable friend has suggested that it is not necessary to go into committee on this Bill, and I do not believe it is. This is a new enactment, and I know of no amendments at all. I would move the third reading.

Right Hon. Mr. MEIGHEN: Why not change the title and make it a true title?

Hon. Mr. KING: The Bill comes from a special committee, and I do not think we should change it.

Right Hon. Mr. MEIGHEN: We do not change the Bill by giving it a proper title.

Hon. Mr. KING: Inasmuch as the Bill comes from a committee that was acting on the advice of, and the evidence secured by, the Hyndman Commission, which was appointed by the late Government, and which recommended that there should be a committee or commission of this kind set up, I should hesitate to change the title.

Right Hon. Mr. MEIGHEN: The very optimistic and fanciful may think the measure will ultimately reach a stage where it will really assist. But at the present time it is merely a Bill for the appointment of a commission which will act under it and make reports.

Hon. Mr. KING: More than that.

Right Hon. Mr. MEIGHEN: Recommendations.

Hon. Mr. KING: More than that.

Right Hon. Mr. MEIGHEN: What more?

Hon. Mr. KING: The commissioners are to go into the country—

Right Hon. Mr. MEIGHEN: Yes, they may travel.

Hon. Mr. KING: —and form local committees, who will interview employers here and there and try to get them to give work to unemployed veterans.

Right Hon. Mr. MEIGHEN: An appeal to employers to take on veterans.

Hon. Mr. KING: An appeal will be made to industry generally.

Right Hon. Mr. MEIGHEN: An appeal is being made all the time. This is only supererogation.

Right Hon. Mr. GRAHAM: It will give the veterans courage.

Right Hon. Mr. MEIGHEN: I do not think the committee was responsible for this title. If the honourable senator would speak to me privately I perhaps could tell him who is.

Hon. Mr. KING: I understood it came from the committee in that form. Perhaps my right honourable friend has information from a private source?

Right Hon. Mr. MEIGHEN: No. I am merely drawing an inference from long experience.

Hon. Mr. KING: I move that the order for reference to the Committee of the Whole be discharged.

The motion was agreed to.

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

Right Hon. Mr. MEIGHEN: In so far as this Bill has any interest for returned men—and I have no doubt that many of them at least think it has—why are former members of any of the Allied forces placed in exactly the same position as former members of the Canadian forces?

Hon. Mr. PARENT: I was going to ask exactly the same question.

Right Hon. Mr. MEIGHEN: It may be that some of the Allies reciprocate in respect of former members of our forces, but I should not think that there are now Canadian veterans in any Allied country other than the United States.

Hon. Mr. KING: I think that question was fully discussed by the special committee of another place. The Votes and Proceedings of the House of Commons for June 10 contain the committee's report on this Bill. A part of that report reads:

> Your committee was also of the opinion that such a survey should not be confined to former members of the Canadian forces in the Great War.
>
> Accordingly, your committee recommends that the definition of veteran in Bill 28 be amended to include a veteran of "any other of His Majesty's Forces or of any of the Forces of His Majesty's Allies during the Great War" and that the first duty of the commission under section 6 of the Bill be to "carry out as soon as possible an investigation to ascertain the extent of unemployment among veterans in Canada"...

and so on.

Apparently the point was discussed and the committee thought it wise to include veterans of Allied forces.

Right Hon. Mr. GRAHAM: Who live in Canada?

Hon. Mr. KING: Who live in Canada. It is true we have Italian, French and British veterans among us, but not in great numbers. In the matter of pensions, I think that veterans of Allied forces come under our control. I believe there is a reciprocal arrangement between the governments.

Right Hon. Mr. MEIGHEN: But we do not pay such pensions.

Hon. Mr. KING: No. There is simply a reciprocity in administration.

Right Hon. Mr. MEIGHEN: But here we treat all veterans exactly alike.

Hon. Mr. KING: I merely wish to say that the special committee of the House of Commons thought it wise to include veterans of the Allied armies.

Right Hon. Mr. MEIGHEN: The committee did not think it wise to give reasons for the inclusion.

Hon. Mr. KING: At first I was doubtful about the thing myself.

Right Hon. Mr. MEIGHEN: In this country we probably have veterans of the forces of all the Allies—

Hon. Mr. KING: Not a great many.

Right Hon. Mr. MEIGHEN: No, but some. Yet there probably are no Canadian veterans in any Allied country except the United States. A considerable burden is cast upon us in our having to look after these former members of Allied forces. We have some Italian veterans here. I refer to them only by way of illustration. No one knows whether some day they may not be back in Italy, fighting us. We all pray that may not happen, and at present we have no reason to think it will. But we do not know what may occur with regard to the veterans of Italy or any other country. Is it our business to devote special attention to these men in an effort to get them work, perhaps at the expense of unemployed Canadians?

Hon. Mr. KING: I do not think that would happen. One of the prime purposes of the commission will be to make a survey and ascertain the extent of unemployment among veterans in Canada. It is just as well, probably, that the survey should cover all veterans, including those of Allied forces. The commission will also seek to obtain employment for ex-soldiers, but I should think it natural that Canadian veterans would ordinarily get a preference. Aside from former members of the forces of Great Britain there are not many Allied veterans in Canada. After all, it is the hope of the Government that by investigation a means will be found of assisting in solving the unemployment problem of veterans, and I cannot see much objection to the Bill as it is. My suggestion is that we accept the committee's recommendation that the measure apply to former members of His Majesty's forces or of the forces of His Majesty's Allies during the Great War.

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

DAIRY INDUSTRY BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 56, an Act to amend the Dairy Industry Act.

He said: Honourable senators, this Bill makes but two small amendments to the Act.

Right Hon. Mr. MEIGHEN: The amendments are of no importance.

Hon. Mr. DANDURAND: The first section repeals paragraph (a) of subsection 3 of section 6 of the Act. The only change resulting from the substituted clause as appearing in the Bill is that instead of the size of prints being confined to quarter pound, half pound, one pound and two pounds, they may be made in any multiple of a pound. The chief reason for the change is that it is customary in British Columbia and other places to sell butter in three-pound prints, and under the present law that is not legal.

Hon. Mr. SUTHERLAND: Honourable senators, the explanatory note opposite section 2 says:

> The proposed subsection is designed to standardize the weights of the contents of packages containing cheese as has been the case for many years in connection with the sale of butter.

Is there any regular or standing definition of "cheese"? There are many factories in Canada turning out processed products that are sold under the name of cheese, and no doubt many people buy these products without knowing what they really contain. I think the word "cheese" should be clearly defined.

Hon. Mr. DANDURAND: I have not the Act before me, and I fail to recollect whether it contains a definition of "cheese." I know that in this Chamber we have often discussed the marketing of cheese on the Liverpool and other overseas markets. I will draw the attention of the Minister of Agriculture to the question raised by my honourable friend. Section 2 of the Bill is explained as follows:

> This is a new subsection designed to prevent the sale of package cheese in weights other than those specified in the proposed subsection. At the present time there is great variation in the net weights of cheese in packages of various sizes. The packages bear notations or statements of the net weights of the contents, but very often the net weight is slightly under one-quarter pound, one-half pound or one pound, etc. The proposed subsection is designed to standardize the weights of the contents of packages containing cheese as has been the case for many years in connection with the sale of butter.

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

THIRD READING

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

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

INCOME WAR TAX BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 75, an Act to amend the Income War Tax Act.

He said: Honourable senators, I believe that this Bill implements part of the Budget Speech. It is highly technical. I intend to move, after the second reading, that it be referred to the Standing Committee on Banking and Commerce, where we shall be sitting this evening to hear officers of the Finance and National Revenue departments, from whom we can obtain necessary explanations.

Right Hon. Mr. MEIGHEN: I am quite in favour of sending the Bill to the Banking and Commerce Committee. Yesterday I received a memorandum from the Law Clerk stating that for lack of time he had not been able to make the necessary examination of this lengthy and intricate measure. It may be that he will not have completed his examination by this evening. Possibly it would be better to have the reference before the committee to-morrow morning, though I am quite prepared to come back to work to-night.

Hon. Mr. DANDURAND: We shall have at the Banking and Commerce Committee to-night Dr. Clark, Deputy Minister of the Department of Finance, and Mr. Fraser Elliott, Commissioner of Income Tax. I hope honourable members will make it a special duty to be in attendance.

Right Hon. Mr. GRAHAM: The Railway Committee is meeting too.

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

DOMINION BY-ELECTIONS FRANCHISE BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 81, an Act to amend The Dominion Franchise Act (Dominion By-Elections).

He said: Honourable senators, this is the measure which was mentioned yesterday when we were dealing with the Dominion By-Elections Bill. The measures are twin brothers. The purpose of this Bill is to provide for the enumeration and the preparation of lists of electors for by-elections, exclusively. The Bill conforms with recommendations made by a special committee of the House of Commons.

Right Hon. Mr. MEIGHEN: There is no objection to second reading. But the measure should be sent to Committee of the Whole, because, I feel sure, the title at least is wrong. However, I should like to see the committee stage postponed until the Parliamentary Counsel has had an opportunity of going through the measure. Although the Bill is very large, he will not have to spend a long time in studying it, for he has had a great deal to do with such measures.

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

JUDGES BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 83, an Act to amend the Judges Act.

He said: Honourable senators, the explanatory note to this Bill reads as follows:

This amendment to the Judges Act is made necessary by reason of the amendments to the Ontario Judicature Act, passed at the sessions of 1931 and 1936 of the Ontario Legislature, which provide that the Court of Appeal for Ontario shall consist of a Chief Justice, who shall be the President thereof and shall be called the Chief Justice of Ontario; a Chief Justice who shall be called the Chief Justice in Appeal, and six other judges to be called Justices of Appeal.

It is further provided that when a vacancy occurs in the office of Chief Justice in Appeal, the office shall be abolished and that thereafter the Court shall consist of a Chief Justice, who shall be called the Chief Justice of Ontario, and seven other Justices of Appeal.

The said amendment to the Judicature Act further provides that the High Court of Justice for Ontario shall consist of a Chief Justice of the High Court and twelve other judges. This is an increase in the membership of the said Court of two judges.

Right Hon. Mr. MEIGHEN: I presume all this Bill does is to fix salaries for two additional judges whom the Federal Government intends to appoint to the Supreme Court of Ontario. The province does not have to pay the salaries. It creates the vacancies. Anyone who is close to the administration of justice in Toronto knows why these vacancies have to be created—created by adding to the personnel of a court already constituted. That such a step should be considered necessary does not, I fear, reflect the high sense of duty which certainly would be appropriate on the part of present members of the Bench.

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

THIRD READING

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

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

JUVENILE DELINQUENTS BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 89, an Act to amend the Juvenile Delinquents Act, 1929.

He said: Honourable senators will observe the explanatory notes accompanying this Bill, but I deem it advisable to give the statement with respect to it which I have received from the honourable Minister of Justice.

Right Hon. Mr. MEIGHEN: The Bill simply does away with the term within which a delinquent can be prosecuted for an offence committed under the age stated in the Act and not discovered until after he has reached that age. Now the limitation is not to apply.

Hon. Mr. DANDURAND: Is my right honourable friend satisfied?

Right Hon. Mr. MEIGHEN: Yes.

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

THIRD READING

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

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

NATIONAL RAILWAYS AUDITORS BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 99, an Act respecting the appointment of Auditors for National Railways.

He said: Similar legislation was passed in 1932-33, 1934 and 1935, of which this Bill is but the—

Right Hon. Mr. MEIGHEN: Successor.

Hon. Mr. DANDURAND: Yes, the successor. After the preamble, reciting section 13 of the Act of 1933, with respect to a continuous audit of the railway accounts by independent auditors appointed annually, section 1 provides:

George A. Touche and Company, of the cities of Toronto and Montreal, chartered accountants, are appointed as independent auditors for the year 1936, to make a continuous audit under the provisions of section thirteen of The Canadian National-Canadian Pacific Act, 1933, of the accounts of National Railways as defined in the said Act.

If the Bill to amend the Canadian National-Canadian Pacific Act becomes law, the provision therein contained will replace this procedure.

Right Hon. Mr. MEIGHEN: Has the Government made any arrangement with George A. Touche and Company for 1936?

Hon. Mr. DANDURAND: I suppose the fee will be about the same as that for the preceding year.

Right Hon. Mr. MEIGHEN: You cannot depend on that. What has it been in the past?

Hon. Mr. DANDURAND: We can give the Bill second reading, and I will get the required information for my right honourable friend before the third reading.

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

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 Y2, an Act for the relief of Albert Leonard Johnson.

Bill Z2, an Act for the relief of Reva Marcus.

Bill A3, an Act for the relief of Ethel May Luckie Atkinson.

Bill B3, an Act for the relief of Edythe Mary Rose Brown.

Bill C3, an Act for the relief of Joseph Paul George Marcoux.

Bill D3, an Act for the relief of Adjutor St. Jean.

BRITISH NORTH AMERICA ACT—AUTHORITY TO AMEND

DISCUSSION CONTINUED

The Senate resumed from yesterday the adjourned debate on the question proposed by Hon. Mr. Lynch-Staunton:

That he will draw the attention of the Senate to, and inquire of the Government, whether it is the intention of the Government to take steps to have legislation passed by the Imperial Parliament to the end that the Parliament of Canada shall have the authority to from time to time amend the British North America Act as it may deem proper.

Hon. Mr. DANDURAND.

Hon. C. P. BEAUBIEN: I am somewhat diffident about inflicting myself a second time on honourable senators in resuming my discussion of what is generally regarded as purely and simply a matter of principle. On the contrary, I conceive it to be a matter with respect to which the Government will next session take action for the purpose of implementing that formula of amendment of the Constitution which has for several years been supported by some of the excellent friends of the honourable leader of this House (Hon. Mr. Dandurand), and particularly by the right honourable Prime Minister and the honourable Minister of Justice. In confirmation of my statement I may read to the House this dispatch from Ottawa which appeared in to-day's issue of the Montreal Gazette:

Ottawa, June 16.—Amendments to the British North America Act to provide a method by which Canada may amend its own Constitution will have to await another session of Parliament, Hon. Ernest Lapointe, Minister of Justice, told the House of Commons to-day in answer to a question from J. S. Woodsworth, C.C.F. Leader.

It is virtually a promise on the part of the honourable Minister of Justice that this matter will in a few months enter into the realm of practical politics.

Hon. Mr. CASGRAIN: On petitions from the legislatures.

Hon. Mr. BEAUBIEN: It seems to me therefore essential that it should be discussed in Parliament and, through the newspapers, brought to the attention of the country, so that the public may be fully seized of its significance.

Yesterday when the Senate adjourned I was discussing what I may term the second postulate of the group of gentlemen who hold that Canada should be empowered to amend her Constitution. The Government until a few days ago had held out to the provinces, as a bait to obtain their consent to this fundamental change, the offer of another and more prolific source of revenue, that of indirect taxation. Fortunately this House rejected the Bill. In effect it was an attempt to persuade the provinces to abandon certain of their powers to the central Government.

In my opinion we should ponder the question: Is the Government under present conditions prepared to encourage the provinces to gather more taxes? I know I shall be told that for the last twenty years all governments, both provincial and federal, have run riot in levying taxes. True; and the provinces have been the worst offenders of all. They have in fact increased their taxation by very nearly 400 per cent. Surely the present financial

condition of our provinces, particularly those of the West, is so serious as to make the Government realize that this is not an opportune time to encourage them to increase their expenditures—to meet which they must of necessity impose further taxation. I make bold to say that the time has come when it is the duty of everyone in this country to preach retrenchment.

Hon. Mr. DANDURAND: And practise it.

Hon. Mr. BEAUBIEN: Yes.

Right Hon. Mr. MEIGHEN: We are glad the honourable leader of the House thought of that.

Hon. Mr. BEAUBIEN: Yes. Strange to say, there is sometimes a very wide difference between the preaching and the practice of certain governments. I venture to say that it is possible to bring about such a state of mind in the country that this preaching will be received favourably. I know that up to the present time it has been thought that governments which give freely are popular; that the more a government gives to the people the more popular it is. Governments in this country have seemed to think that they should tax the rich and cater to people who own nothing and are worth nothing. Such a policy is absolutely futile and impracticable. Any governments which contend that they should tax the rich and give to the poor have only to look at their own records to find that the great bulk of taxation comes not from the rich alone, but from all classes of the population. The poor are taxed as well as the rich. I have a very interesting article here —I do not intend to delay the House by reading it—

Hon. Mr. CASGRAIN: Read it.

Hon. Mr. BEAUBIEN: —which says that there are sixty taxes hidden in a loaf of bread. Up to now those who have had the responsibility of government—and I make no distinction between parties—have had to choose between a tax that was apparent and a tax that was hidden, and they have preferred the one whereby they could pluck the most feathers while provoking the fewest squawks. If, instead of speaking to the very small minority of people who have nothing and are worth nothing, governments were to address themselves to the immense majority, composed of people who have something, are worth something and contribute something, and were to inform them of the serious financial condition of this country, such a policy might prove very effective.

For a long time I accepted without question the statement that most of the people in the country have nothing; but I now know that is not true, as I think I can show clearly in a few words. There are in this country 2,500,000 insurance policies issued to adults. That figure does not take into consideration either group insurance or insurance on children. Secondly, there are 1,300,000 people who own real estate. Adding these figures together, we find a total of 3,800,000 persons who have insurance policies or own real estate. The total number of bank deposits is 4,600,000. There are, I suppose, many duplications, but if you add to 3,800,000 persons who own real estate or hold insurance policies the many others who own businesses, and then add the owners of bonds or stocks, you will agree that it is no exaggeration to say that at least four million adults in this country own something and pay taxes.

There are in this country five million adults. As four millions of these adults own something, and therefore pay taxes, I understand why governments should with one hand keep holding out to the people the temptation to squander money, while with the other hand they surreptitiously take away the people's money by imposing hidden taxes. If, instead of doing that, they were to tell the people, and convince them, that unless they were careful they would lose all they had, they would very soon find that popular opinion would change and its main concern would be the preservation of the country's integrity.

I come now to the greatest postulate of all assumed by this group of distinguished men who hold the idea that we should obtain the right to change our Constitution. What is that postulate? It is that it is undignified for a country like Canada, which has full sovereignty—I do not contest that; I think it is true—to depend upon another country, even if it be the Mother Country, for any modification of our own Constitution. That is an appealing argument. It is like a flag carried at the head of their forces. They say, in effect: "Are we as a nation so small that we alone, in the world, cannot settle our own charter? Are we so unreasonable that we, of all the peoples of the world, cannot compose our own differences and overcome our own difficulties?" I can well understand how effective such a plea would be if made before a large gathering and presented as no doubt many who hold such views could present it. No doubt they could point the finger of scorn at "reactionaries and little Canadians who do not know that Canada has grown."

Hon. Mr. DANDURAND: "Colonials."

Hon. Mr. BEAUBIEN: Any disparaging term would do.

But let us examine into this matter. Is this contention true, or is it not? How do we stand? We in this country are in such a position that we can exact from Great Britain, if we so desire, any amendment to our Constitution, and Great Britain is bound to grant it to us. Unquestionably, we are in a position to command; Great Britain's part is to obey.

Are we in a humiliating situation when we can enforce our will, because Great Britain, with her wide comprehension and her great experience in administration, knows that to keep her dominions in hand she must use a very mild bit and not hold the reins too taut? Is it a humiliating position that we occupy when we can ask and acquire, can even exact, from Great Britain what we want, whenever we want it?

I know the honourable gentleman who leads this House (Hon. Mr. Dandurand) once said very effectively that he did not mind being a subject of the King, but he abhorred the thought of our being subjects of subjects of the King—

Hon. Mr. DANDURAND: Hear, hear.

Hon. Mr. BEAUBIEN: —which meant our being at the gates of Westminster, on our knees, so to speak, imploring an amendment from the British Parliament, the representatives of the British people. But that is not a true picture. That chapter is closed. The only thing we have to do in order to secure what we want is to ask for it.

Perhaps an every-day example would clarify the position. Is a man any less the owner of his money if he deposits it in a bank instead of keeping it in his own strong-box? If he wants money he can write a cheque. That cheque is an order which the bank obeys. He is just as safe and free as if he opened his strongbox and extracted the money himself. Is not that our position? It is true that the right to amend resides in Westminster, but we have the right to exact amendments whenever we want them.

Now, honourable senators, what are the means suggested for translating this power from the British Parliament to Canada? There are two methods proposed. One is to scrap the old Constitution and entirely replace it. You can envisage at once what that would mean for Canada.

Hon. Mr. DANDURAND: Who suggested that?

Hon. Mr. BEAUBIEN: Three of the experts who were heard before the special committee of the House of Commons in 1935. I am not going to waste much time on that contention, because I do not think it is very difficult to refute. I cannot contemplate without tremendous anxiety a new Constitution being hammered out from the rough, for our country. It took years to obtain the consent necessary to bring about the British North America Act. How many years would it take to obtain the consent of those who would come under this new Constitution? In 1867 we had only five provinces and our population was small and grouped mainly in the East. The emergency was pressing; something had to be done. Government had become an impossibility, in the province of Canada at least. Can you conceive what the situation would be to-day with our far-flung Dominion, extending from ocean to ocean? Can you envisage representatives of all the provinces, gathered around a table, each exacting certain conditions—mostly monetary, no doubt—before giving consent to a new Constitution? I do not think any such proposal would bear close scrutiny.

But another method is proposed; a very simple one, but no less dangerous. It consists purely and simply of the embodiment in our Constitution of the right to amend. That seems as simple and easy as possible, but what would be the consequence? The consequence would be that every time there passed over the country a wave of popular opinion which required of the Federal Government any action that went beyond its existing authority, there would be a demand for the amendment of the Constitution. Every time anybody rose in the country and spread the gospel that times had changed and that in order to improve conditions the Government should give effect to a certain policy overlapping federal powers, tremendous pressure would be brought upon the Government to amend the Constitution. On the one side you would have, constantly and perpetually, the central Government insisting upon taking from the provincial governments a certain part of their authority; and on the other side you would have the provinces, and back of them the minorities, constantly defending themselves, constantly in fear of their rights being assaulted, constantly in danger of having those rights taken away from them. Is that a good policy? Would that be right?

But another question, very much more important, in my opinion, is this: How are minorities protected to-day? As I said in my

opening remarks, they are protected by the fact that they hold a contract, and that the sacredness of contracts is respected in every civilized country. I am not talking of "scraps of paper."

Right Hon. Mr. MEIGHEN: What about Ontario?

Hon. Mr. BEAUBIEN: I know there are exceptions, but I trust that in Canada there are only the exceptions that go to prove the rule. There is no doubt that we now hold a contract. If these gentlemen, skilful and convincing as they are, were able to bring about a change, where should we be? Why, honourable members, notwithstanding the evidence, notwithstanding the proof that has been accumulated here in the citations given, all of which were known to these gentlemen of talent and honour, they have declared that we have no contract. If you abandon the first and foremost characteristic of a contract —its sacredness, and the fact that it cannot be undone without the consent of the contracting parties—what line of defence is left to us? To-day our people can come before both Houses of the Canadian Parliament and invoke the sanctity and honour of a contract. Should such a plea fail here on any occasion—and I trust it never will—they would have to carry it to the Imperial Parliament at Westminster.

If we were to provide that our Constitution could be changed without the consent of the contracting parties, what would happen? We should see the authority and rights of the provinces diminishing, while the power of the central Government became constantly greater. As the honourable senator from North York (Hon. Sir Allen Aylesworth) has warned us, the minority might lose its sacred rights. I hope that before we attempt any such fateful step the country will be at all events well informed, so that everybody may know the direction in which the step would lead and the consequences that would follow if we took it.

Certain propagandists say our Constitution lacks something, because it contains no provision for amendments. They promise to write a better constitution, one providing that any ordinary amendment may be made upon the consent of the majority of the provinces, but that no amendment touching a question of minority rights, such as religion or race, for example, shall be possible unless all the provinces agree. Well, is the British Constitution written? No. Has it endured? Yes. Have the constitutions of other countries—of France, for example—been written? Yes. Have they endured? No. That is the first answer I make to these propagandists.

The second answer I make is this. We do not need in our Constitution a provision that it cannot be amended without the consent of the contracting parties. Why? Because that is already provided by the common law. No contract contains all the legal provisions that govern it. The essentials are specified, but everything else is governed by the law. For instance, if I make a contract in the province of Quebec I sign my name at the bottom of perhaps only a few lines. My rights are protected, though, not merely by that contract, but also by the Civil Code. Now, the provinces of Canada have a Confederation contract, and the common law says a contract cannot be changed unless the contracting parties agree. That principle has always been recognized in British countries, and I trust it always will be. If perchance, in connection with the contract of Confederation, that principle is ever rejected in Canada, it will always be honoured in Great Britain.

Speaking for my own province of Quebec, I am quite frank in saying that now we have two lines of defence. We hold our minority rights to be of the utmost importance. We want to maintain our language, our religion and our Civil Code—which in the opinion not only of people of my own race, but of all lawyers who have to do even with the common law, is perhaps the best civil code in the world. We are determined to defend these rights, and we regard this Parliament of Canada as our first line of defence. Why should we discard it? Why should we bring about a change whereby in future we should have only one bulwark left, the Imperial Parliament? Let us retain the double protection that we have always had. No doubt many honourable members have seen a picture, painted shortly after the War, representing Great Britain and the Dominions as a squadron of the British Navy. Every one of the powerful units is plowing along independently, under its own steam, but the course of each is marked out on the same chart of democratic liberty, and each is headed for the same ideal port of order, peace, prosperity and happiness. As I looked at that beautiful picture I was immediately struck with the thought that Canada is joined to the Mother Country by a constitutional tie, by a line as light and supple as silk, which cannot be severed or dropped overboard at the first demand. I say to our own compatriots who want to cut the line that even though their wish were realized there would be no change in the course of our ship. No! Whether that line exists or not, we will continue on the same course, guided by the same chart and headed for the same

port. But, let me ask, if that line were cut, what would happen to the crew?

Hon. Mr. DANDURAND: To whom?

Hon. Mr. BEAUBIEN: To the crew of the ship. Let them not forget that this constitutional line was woven with skilful and patriotic hands, not as a hawser to keep Canada in tow of Great Britain, but as a lifeline for the maintenance of unity in this country and for the preservation of minority rights, without which unity in this country cannot be secured.

I trust that those who are sponsoring this propaganda will pause and reflect. This is not a question with respect to which we can risk a leap in the dark. We are not legislating for ourselves alone. In a few years we shall be gone, but what we do will affect the lives of the Canadians of to-morrow. Before we make any attempt to sever the constitutional line, let us ponder over the consequences of such action upon the concord and unity of this country. When Mr. Baldwin was in Canada a few years ago he gave us a timely warning. He said that of all the problems of the Dominion, and they are many and great, the predominant task of its best statesmen would be the maintenance of harmonious unity throughout the country, amidst the conflicting interests of the East, the Centre and the West. It is, indeed, a grave problem. Before we remove the base upon which our statesmen and people have built this nation, let us be sure that we have prepared as a substitute an equally solid foundation for the still greater nation that we are justified in expecting Canada will become in the future.

Hon. Mr. DANDURAND: Honourable senators, this debate arose out of a question that was put to the Government by the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton) about two months ago, I believe. I have postponed my remarks so long as it appeared that any other honourable member desired to speak. If my own speech is the only one remaining to be made on the subject, I shall move the adjournment of the debate, in the hope of closing it to-morrow. If there is sufficient time then I may also try to close the debate on the order standing in the name of the honourable senator from Rigaud (Hon. Mr. Sauvé), dealing with immigration, repatriation and emigration. I have been ready to speak in both these debates for the last month, but an opportunity has not occurred.

Right Hon. Mr. MEIGHEN: I am not ready yet.

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

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

THE SENATE

Thursday, June 18, 1936.

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

Prayers and routine proceedings.

CANADIAN NATIONAL-CANADIAN PACIFIC BILL

REPORT OF COMMITTEE

Right Hon. Mr. GRAHAM presented the report of the Standing Committee on Railways, Telegraphs and Harbours on Bill 21, an Act to amend the Canadian National-Canadian Pacific Act, 1933, and moved concurrence therein.

He said: I may say that the purpose of these amendments is merely to clarify some sections of the Act.

Right Hon. Mr. MEIGHEN: That is the Railway Bill?

Right Hon. Mr. GRAHAM: Yes.

Right Hon. Mr. MEIGHEN: I presume it is the intention to take the third reading at a later date.

Hon. Mr. DANDURAND: I am ready to move the third reading now, but if my right honourable friend desires that it should be postponed until to-morrow I am agreeable.

Right Hon. Mr. MEIGHEN: Yes. I have no objection at all to the amendments, but I do intend to say something on the third reading.

The motion was agreed to.

INCOME WAR TAX BILL

REPORT OF COMMITTEE

Right Hon. GEO. P. GRAHAM presented the report of the Standing Committee on Banking and Commerce on Bill 75, an Act to amend the Income War Tax Act, and moved concurrence therein.

The motion was agreed to.

THIRD READING

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

Right Hon. ARTHUR MEIGHEN: Honourable members, I am rising not to take objection to the third reading, but to call attention to one clause of the measure which the committee, in its wisdom, did not see fit to alter, but which I think contains questionable features. I shall briefly outline a few considerations and ask the leader of the Government to press them upon his colleagues with a view to having the Bill corrected if these considerations appeal to the Government of the day.

I refer to the section which deals with the gift tax. It will be recalled that last year, for the first time, Parliament provided a tax upon gifts. The purpose of the legislation was to prevent evasions of income taxes in the higher brackets by wealthy persons who distributed the ownership, real or nominal, of their property among, say, members of their family, so that the income upon each section of property would appear separately and be chargeable against the holder of that section, the taxes upon the incomes from the separate sections being in each case within the lower brackets and, when totalled, considerably less than the tax would have been from the property as a whole, the income from which would have been in a high bracket. That objective was quite proper and, so far as I know, the legislation met with the approval of all members of the Banking and Commerce Committee, and later passed in the Senate. In the committee last session it was provided, though, by way of amendment, that all gifts should not be taxable. The original Bill that came to us contained a similar provision, but it was not expressed effectively, though the intention was probably the same. The amendment provided that gifts up to $4,000 a year should be tax-free. That feature is further amended this year. But it has been represented to me that neither the legislation of last year nor the present Bill was intended to do more than prevent the distribution of the capital of the person taxed. It was not intended to prevent anyone from giving his income away if he chose to do so.

It seems too bad that we should discourage people from helping others; yet that is what we do when we tax gifts of income. When a man pays a tax on his whole income, surely he should be able to give a part of it to others, if he chooses to do that rather than to accumulate it for himself. If a person proceeds to distribute his capital over a period of years, with a view to evading income tax, he should, if possible, be prevented from doing so: at all events he is effectively taxed when he seeks to exercise that privilege. Taxing gifts of income is different, for it seeks to penalize, by means of a second tax, a generous man who gives away part of his earnings. What I want to point out is—and this has been said in committee, though not by myself particularly—that the principle of taxing the generous man twice and the selfish man only once can hardly be considered correct.

The reason I am not moving an amendment is this. The measure is peculiarly a money bill. It might be quite proper to make an amendment and submit it to the other House, but if it is not accepted there this House should retreat forthwith from its position. We could not seek to press any amendment to a money bill which we did not consider vital to the State—and so far we never have considered any money bill to be such. I content myself with asking the Government to consider these representations, in which I know many members on both sides of this House agree, so that we may at least hope for an amendment to meet these representations in a succeeding session.

Hon. Mr. DANDURAND: Honourable senators, there was an interesting discussion on this matter in the Committee on Banking and Commerce, and the consensus seemed to be that the Canadian taxpayer should have freedom of action to dispose by gift of surplus income, without its being subject to an additional tax for the year in which the gift is made. To my mind the question is one as to the time when a man ceases to be entitled to treat income as income and must regard it as capital. If a man earns, say, $25,000, and spends $15,000, he has $10,000 left. I quite realize that if that $10,000 is in his possession at the end of the year it could be treated as capital, because next year he would draw interest upon it. The income would have become capital. But I agree with my right honourable friend that after the taxpayer has paid income tax on that income he should be free to dispose of the balance without payment of further taxation. I shall gladly bring his statement to the attention of the honourable Minister of Finance.

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

NATIONAL RAILWAYS AUDITORS BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 99, an Act respecting the appointment of Auditors for National Railways.

He said: Yesterday my right honourable friend (Right Hon. Mr. Meighen) asked me what arrangement the Government had made with the auditors for 1936. I am advised as follows:

The fee paid to the firm of George A. Touche and Company by Canadian National Railways for this continuous audit is $50,000 a year. In addition, the disbursements of the firm are also paid where the requirements of the audit take accountants of the firm to points outside Montreal. This is the same arrangement as was previously made with the Touche Company and with the Clarkson, Gordon, Dilworth and Nash firm.

So there is no change.

Right Hon. Mr. MEIGHEN: I should like to get some information about those extras. As the honourable leader of the House knows, sometimes a fee is just a starter.

Hon. Mr. DANDURAND: Unfortunately my right honourable friend simply asked me for information of what was paid to the auditors.

Right Hon. Mr. MEIGHEN: That is all I want yet.

Hon. Mr. DANDURAND: If he will trust me to obtain the information, I shall ask the Railway Department to give it to me.

Right Hon. Mr. MEIGHEN: Will he also try to get the corresponding audit costs of the Canadian Pacific? I am not asking for the information because of any antipathy to either firm of auditors. They are both excellent firms, and the audit involves an enormous amount of work. But I have become convinced by some examples lately of the utterly unconscionable character of charges made against bondholders and business generally; charges somewhat, though not quite, in the same category as these. I think the time has come when very determined action should be taken on the part of courts and governments to see that such charges are kept within reason. Nobody wants work to be underpaid, but the measure of the payments made to-day in many phases of business is simply beyond all defence, and is responsible in so small degree for a great deal of the prevailing discontent.

Hon. Mr. DANDURAND: I shall ask the Railway Department to obtain the information for which my right honourable friend has asked, touching the fees paid by the Canadian Pacific Railway, if it is available.

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

PENSION BILL

MOTION FOR THIRD READING—BILL REFERRED TO COMMITTEE

The Senate resumed from yesterday the adjourned debate on the motion for the third reading of Bill 26, an Act to amend the Pension Act.

Hon. J. H. KING: Honourable senators, yesterday on the advice of Parliamentary Counsel I moved an amendment to lines 32 and 40, page 5, striking out the word "seconded" and substituting the word "transferred." Since then the officers of the department have conferred with the Parliamentary Counsel, and now it is suggested that the apt word would be "delegated." I would ask my honourable friend from Prince Edward (Hon. Mr. Horsey), if unanimous consent is given, to move as an amendment the substitution of "delegated" for "transferred."

Hon. Mr. HORSEY: I move that the amendment to section 8, made in the Senate on the 17th instant, substituting the word "transferred" for the word "seconded" in lines 32 and 40 of page 5, be further amended by substituting the word "delegated" in both instances for the word "transferred."

Hon. Mr. ROBINSON: Was not that amendment disposed of yesterday?

Hon. Mr. KING: Yes.

Hon. Mr. ROBINSON: There is no amendment before the House now.

Hon. Mr. KING: I am asking for unanimous consent.

Hon. Mr. ROBINSON: You cannot amend an amendment that is not before the House. There is now an original motion.

Right Hon. Mr. MEIGHEN: Honourable senators, I think we can solve the difficulty by withdrawing both amendments and going into committee. There is no objection to the proposed amendment, but I do want to say something about the Bill, my object being to get it to a committee of the Senate where we can really consider it. I do not think we can do so in Committee of the Whole. While I know we are trying to wind up the session, I think it is very unwise and utterly without excuse to hurry through important measures like this just in order that we may get home a day or a week sooner.

I made some remarks on this Bill yesterday. Possibly to-day I should correct where necessary what I said then. I spoke after only a very hasty reading of the amendments, and

from perhaps an imperfect recollection of the history of the law. I said yesterday that under the present law the Crown had no right of appeal in pension matters. Strictly speaking, that is not correct. The Crown has even yet a certain measure of right of appeal. The constitution of the various tribunals, if we may so describe them, is this. There is a Pension Commission of twelve. Invariably it sits as two members, and sits quite legally. The other members divide themselves into quorums, and they are perfectly competent as well to hear cases. Indeed, if an applicant fails before the commission, he can go personally to a quorum and have his case heard again, and present new evidence if he wishes. If he succeeds, the case goes to an official, called the reviewing officer, and if he approves grant of the pension—the "entitlement"—his approval is final and there is no right of appeal on the part of the Crown. If this reviewing officer should not approve, then the case goes to what is called the Appeal Tribunal. This tribunal is, I think, composed of a judge and a lawyer, both excellent men. There are also two or three other members, but I may be wrong as to this.

Hon. Mr. KING: One other member.

Right Hon. Mr. MEIGHEN: One other member now. It is proposed to add two others, who may not be men of law at all. It will be observed that while there is a right of appeal by the Crown, it is very circumscribed. The Crown is entirely in the hands of a gentleman who holds the title of reviewing officer. If he approves the grant the Crown is shut out completely.

I remarked yesterday that of the twelve members of the Pension Commission six are medical men, one is a lawyer, one a retired judge, and four are laymen. I pointed out as well that the function to be discharged—examining evidence to see if it really is evidence—was not really a doctor's prerogative. I do not mean evidence under the strict rules of law. Assuming the medical evidence to be correct, is or is not a case made out? When this question is left to a board so constituted, it is very likely there will be a tremendous number of errors—and there have been. Taking the average since 1919, I understand each year the commission itself has reversed 550 cases, to say nothing of the very large proportion reversed by various higher tribunals which from time to time have been superimposed.

In view of the percentage of error, which has been so great, and the gigantic strides that the pension bill has taken in its charges over these years, it does seem to me it is time we took some steps to have an effective and really intelligent review of these applications merely in order to reduce to the minimum the illegitimate charges on the treasury. It is only unnecessary repetition, nothing but supererogation, to say we do not want to deny a pension to any man rightfully entitled to one. Certainly I do not, and I do not know anybody who does. I am ready to give credit to the present Administration, as much as to any other, for a desire to see that everyone is treated fairly; but you can see the inroads that can be made on the treasury by ingenuity and by a not sufficiently trained review of the cases. It is very important that there be security of pension. The granting of a pension to which the applicant is not entitled may encourage him to marry and raise a family: then to have to take away the pension is far more harmful to him than if it had been denied to him in the first place. Security of pension is valuable to the pensionee, valuable to the man entitled to it, but it is certainly essential to this country that something which involves an expenditure of scores of millions a year should be rightly and thoroughly supervised. As I said yesterday, this measure would make effective and would perpetuate any errors committed in the past. I have not been able to go into this situation thoroughly, but I understand it is confined to a very restricted number of cases. If so, it is perhaps not worth while taking up much of the time of the House in discussing it. I shall discuss more particularly one or two other phases.

We are going to appoint another member of the Appeal Board, and I believe the Act specifically says he is to be a doctor. That will make two doctors on the Appeal Board, six doctors on the Pension Board—

Hon. Mr. KING: One doctor on the Appeal Board.

Right Hon. Mr. MEIGHEN: One doctor there, six doctors on the Pension Board, and this reviewing officer, who also is to be a doctor.

Hon. Mr. KING: Yes.

Right Hon. Mr. MEIGHEN: Really, as a citizen, I do not feel safe with that situation. I am ready to take a doctor any time I am afflicted with physical disability, provided I know the doctor. But how will a doctor be in a position to judge whether a pension is such that the Crown, which grants it, should not have the right of appeal? The idea of enacting that a man trained in medicine, and he alone, is the one who shall say whether a pension is granted rightly or not, does not

appeal to me. If he says it is not rightly granted, that is not the end of it—it is hardly ever ended for the applicant; but if the doctor says it is rightly granted, that is the end of it, and the Crown has no recourse whatsoever. Is it reasonable to say that this man should have such power? I do not know who he is. I have not the slightest idea of his name, though I am informed that he is a physician. I do not think any physician can possibly be qualified to make a decision of that kind. He must draw conclusions from the facts, ascertaining first whether they have really been proved in any manner that can be depended upon. Is a doctor the man to do that? He will tell you the condition the applicant is in, how long he has probably been in that condition, and the cause or probable cause of it; but surely it is not right that one with his training, and only that, should be in a position to say to the Crown: "Stand aside; the decision is permanent—for ever; you have no right of appeal." It is now proposed to add another member to the Appeal Court. I would far rather see an able man, trained in the law, joined with the reviewing officer in order that there might be two at that very pivotal point in the pension process.

I come now to the subject of disentitlement because of improper conduct while on the force, such improper conduct being the cause of the disability. Under section 18 of the British Army Act, if a man is guilty of, say, self-inflicted wounds, or of deliberate conduct which is such as to bring disability upon him, that man is liable to certain penalties. Under section 40 of the same Act it is provided that if what he is suffering from is the result of some fairly trivial neglect, not something in the nature of a deliberate, intentional, self-inflicted wound, or resulting from intentional misconduct, he can be convicted. My information is that the practical difficulty of showing intent has caused virtually all cases to be tried under section 40. The purpose of the present amendment is to provide that conviction—if it may be so described—under section 40, shall not be held to disentitle a man who has not been convicted under section 18. It can easily be seen that many men who might have been convicted under section 18 were charged under section 40, so that the necessity of establishing intent might be avoided. Therefore, if we pass this amendment, we shall make it certain that many who are not in the least entitled to pensions will become possessed of them. Surely authority should be given to examine the real merits and see whether what those men suffer from is really something for which they should now pay a penalty instead of being supported by the State. If a man is suffering as a result of some trivial neglect, and not from anything intentional, and his suffering started during the War, I should have no objection to our helping him, particularly if he is in distressed circumstances; but under the law as amended all sorts of impositions can be practised. I think it is clearly a case for detailed examination in committee. If I am wrong in these particulars I shall be only too glad; but I am disturbed by the mounting figures of our pensions, by the weaknesses which have been represented to me from many sources, particularly in respect of the preliminary processes, and which reach their finality at a stage where I do not think finality should be reached, and by the very serious disabilities of the Crown in seeing that real justice, not merely sentimental justice, is dealt out.

Hon. Mr. DANDURAND: Do I understand the right honourable gentleman to suggest that this Bill be sent to committee?

Right Hon. Mr. MEIGHEN: Yes, I think it should be.

Hon. Mr. KING: When I brought the Bill before the House on second reading, I thought we could later go into Committee of the Whole, but at that time the suggestion was made that we should give the Bill third reading, and the suggestion was accepted.

We should realize that this Bill comes before us not merely as a Government measure; it has behind it the authority of a parliamentary committee which sat for weeks hearing evidence. The questions raised by my right honourable friend (Right Hon. Mr. Meighen) have been discussed in that committee, not for a few minutes, but for hours, and the committee, whose object was to reach finality, if possible, in some of these cases, has presented its conclusions.

Furthermore, in 1933 a question arose in regard to certain pensions to which the chairman of the commission had taken exception, and which he had cancelled. At that time the Prime Minister rose in Parliament and said, "These pensions will be reinstated," and the commissioner who had cancelled them retired, and another was appointed.

Right Hon. Mr. MEIGHEN: I am not dealing with that phase now. I said that would not be important enough to bother with.

Hon. Mr. KING: That is very important.

Right Hon. Mr. MEIGHEN: I am conceding the honourable gentleman's position on that.

Hon. Mr. KING: Well, that is all right. I have no objection to the Bill going to committee, but is that committee to call all these organizations before it and hear evidence again, or is it to do what the Committee of the Whole might do—read the enactment and discuss each clause? I understand that when the report of the House of Commons committee was presented it was discussed and was accepted unanimously. Does my right honourable friend intend that we should hear evidence?

Right Hon. Mr. MEIGHEN: There would be no need to call outside evidence on the main point I raise, namely, the desirability of having some stronger and wider tribunal at the point where the Crown is for ever stopped. That is the vital point of the whole process. We now have one doctor. I do not think the tribunal is a proper one.

Hon. Mr. KING: After all, we are dealing, not with ordinary matters of law, but with human beings. We have had many years of experience. Ninety per cent of the evidence that comes before the commission is medical evidence, and there must be medical men to deal with it. I do not know whether there should be six of them, or four, or two, but there should be very good medical authority to interpret the medical evidence that is given.

Right Hon. Mr. MEIGHEN: To interpret it?

Hon. Mr. KING: Yes, and know what it means.

Right Hon. Mr. MEIGHEN: The interpretation of the medical evidence is not the effective thing at all. The important thing is the interpretation of the facts concerning a man from the time he claimed disability until now; not the question of what is wrong with him at the present time. Evidence as to his present condition would be strictly medical testimony. So far as that is concerned, hardly a day passes in the courts when judges do not have to consider medical evidence. I think it is wise in this case that a doctor should be present, but I do not think a doctor alone is a sufficiently strong and dependable tribunal to safeguard properly the public interest. I am complaining of the system.

Hon. Mr. KING: I have no objection to a reference of the Bill to committee. I think that might be wise. We could discuss these questions in committee in much more detail.

Right Hon. Mr. GRAHAM: Without breaking the rules.

Hon. Mr. KING: Without breaking the rules. I had hoped the Bill would go to Committee of the Whole to be dealt with, and that we might finish with it there. Really there is not much to this legislation.

With regard to the expenditure, I am informed that the curtailments and limitations will pretty well balance the larger benefits, and that there will be no increase—

Right Hon. Mr. MEIGHEN: It is time we had a reduction.

Hon. Mr. KING: We shall not have a reduction for some years yet. My information is that there will be no large reduction until well along in the forties.

Right Hon. Mr. MEIGHEN: Perhaps so.

Hon. Mr. KING: A dead line being set, the provisions of the Bill will bring about reductions within two or three years, and, I believe, will make a very material difference by 1940 or 1942.

However, I am quite agreeable that the Bill should go to committee, if my right honourable friend so desires. What committee would he suggest?

Right Hon. Mr. MEIGHEN: Banking and Commerce, I suppose.

Hon. Mr. DANDURAND: I move that this Bill be not now read a third time, but that it be referred to the Standing Committee on Banking and Commerce. At the present time nothing is before that committee; so it may be able to consider this measure to-night or to-morrow morning. There is now in the hands of his Honour, I believe, the Veterans' Allowance Bill, and I intend to move that it be referred to the Banking and Commerce Committee. As to this present measure, I realize the importance of the question which my right honourable friend has put. What would be the extent of the inquiry that the committee might make? It could perhaps ask the Minister, who acted as chairman of the special committee in the other House, to come and try to give some enlightenment with respect to the questions which my right honourable friend has in mind. Then the committee could decide to what extent, if any, the inquiry might be enlarged.

The amendment of Hon. Mr. Dandurand was agreed to.

DOMINION BY-ELECTIONS FRANCHISE BILL

THIRD READING

On the Order:

The House in Committee of the Whole on Bill 81, an Act to amend The Dominion Franchise Act (Dominion By-Elections).

Hon. Mr. DANDURAND: I do not know why we decided to go into Committee of the Whole on the Dominion Franchise Bill, which, as I said yesterday, is a twin brother of the Dominion By-Elections Bill that was passed yesterday.

Right Hon. Mr. MEIGHEN: I know of no reason for going into Committee.

Hon. Mr. DANDURAND: Perhaps we could dispense with the committee stage and proceed to third reading?

Right Hon. Mr. MEIGHEN: Does the Bill appoint any commission?

Hon. Mr. DANDURAND: No. At least, I believe it does not. The purpose of this measure is to provide for the enumeration and the preparation of lists of electors for by-elections, exclusively.

Right Hon. Mr. MEIGHEN: Unless the Law Clerk has some amendment to suggest, or unless his assistance is available this afternoon—and I doubt that it is—I do not see any purpose in going into Committee of the Whole.

Hon. Mr. DANDURAND: This is a measure that will be of only one year's duration, because the general list will be prepared next year.

I move that the order for reference to the Committee of the Whole be discharged.

The motion was agreed to.

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

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

COMBINES INVESTIGATION BILL

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on Bill 97, an Act to amend the Combines Investigation Act.

Hon. Mr. Murdock in the Chair.

On section 1—no person excused from giving evidence on ground of incrimination; protection from oral evidence only:

Hon. Mr. DANDURAND.

Hon. Mr. SUTHERLAND: Honourable members, I notice there is a slight change from the Act as it read some time ago. Section 24 reads:

No person shall be excused from attending and giving evidence and producing books, papers or records, in obedience to the order of the Commission ...

Heretofore the wording was, "in obedience to the order of the Registrar or the Commissioner." I wonder why the words "Registrar or" are left out. It may be a matter of convenience at times to have the Registrar empowered to act.

Hon. Mr. DANDURAND: The explanatory note in the Bill says:

The object of this amendment is to provide, as this section provided until it was amended in 1935, that documents produced during an investigation may be used in any subsequent criminal proceedings. For this purpose the underlined words, "oral evidence so given," which were used prior to the amendments of 1935, replace the words "evidence or documents so required" in the section as it is at present.

I think my honourable friend has overlooked the Act of 1935, which we are now amending, for it does not contain the word "Registrar." It provides:

No person shall be excused from attending and giving evidence and producing books, papers, or records, in obedience to the order of the Commission, on the ground that the oral evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such evidence or documents so required shall be used or receivable against such person in any criminal proceedings thereafter instituted against him, other than a prosecution for perjury in giving evidence upon such investigation, inquiry, cause or proceeding.

Right Hon. Mr. MEIGHEN: The Commission referred to there is the new Dominion Trade and Industry Commission, is it not?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Honourable members, this is an exceedingly important amendment, and I ask the indulgence of the committee while I seek to refute its alleged merits. It is absolutely plain to everyone that the intention of the Government, including that of the Prime Minister, who introduced the measure in the House of Commons, is thoroughly sincere. I rise to criticize the proposed amendment with still more deference because of the respect I have for Hon. Mr. Sedgewick, whose letter was the cause of the introduction of the measure. I am going to submit that Hon. Mr. Sedgewick was not wholly correct in his letter, and that the principle of the Bill is entirely and dangerously wrong.

It is a principle of British jurisprudence, from which no court in a British country would think of diverging, that a man cannot be compelled to convict himself. It does not matter how monstrous a character he may be, or with what atrocious crime he may be charged, or how evident it is to the public that he committed the crime; under a rule of British jurisprudence obtaining for centuries back he cannot be compelled to convict himself. The onus is on the Crown to establish the guilt of the accused. To such an extent has this principle been followed that for many years an accused person was not competent to take the box in his own defence, the reason being that he might convict himself because of labouring under disadvantages when subjected to examination by the Crown. In that respect the rule has been relaxed and an accused person may now take the box in his defence, of his own free will. And his wife may give evidence if she so desires. But if the accused does not enter the box, the judge, counsel for the Crown and everyone else connected with the case are forbidden by law to comment upon that fact or refer to it in any way before the jury. Such is the protection thrown around every person accused of a crime, no matter how terrible that crime may be.

Now I think it goes without saying that anyone accused under the Combines Investigation Act will certainly not be charged with anything more terrible than murder, or treason, or rape, or conspiracy to murder, or any other major crime on the calendar. On the contrary, he will be accused of something which in certain spheres of industrial operations in this age is considered not only legitimate, but patriotic, yet which in certain other spheres is regarded by Parliament as being wrong. As to the wisdom of Parliament in so deciding, I make no question at all. If a man combines contrary to the law, whether that law be wise or not, he ought to be subjected to the penalties provided. I would not for a moment seek to shelter him from the penalties in any way. But honourable members will see how, if we pass this proposed amendment, such a man could be placed in a more disadvantageous position than, under British law, a person accused of conspiracy to murder the King, let us say, could be placed.

It will be recalled that all activities under the Combines Investigation Act are not final, but investigational. They are in the nature of inquiries. Sweeping powers are given the investigating commission, or the commissioner acting under it. It is something in the nature of a royal commission such as we have very often had in this country. The commission or commissioner can, at will, send for papers and documents, can compel witnesses to attend, and can examine them as long as it likes, and in any avenue in the world it may choose, and no one who is reflected upon or seriously affected by any such examination has any right of cross-examination whatsoever. The only right he has—and that, I think, is by permission—is to be present and listen to himself being impugned. He cannot say one word in explanation. He is told: "Our powers are given us under this Act. Our duties are investigational. Nothing that happens here will hurt you. You cannot be sent to gaol or be held up to public contempt by any criminal proceedings just because of our report to the Department of Labour. So you are not allowed to cross-examine, or to modify the effects of any evidence or explain it in any way." At the inquiry the man is compelled to produce a document and swear to the signature, thus proving it—unless he commits perjury. Afterwards he is accused. The document he proved under circumstances which permitted him no right of qualification or cross-examination or defence is produced to convict him.

I come now to Judge Sedgewick's letter.

The CHAIRMAN: Would it be proper for the chairman to ask a question?

Right Hon. Mr. MEIGHEN: Yes.

The CHAIRMAN: It would only be necessary then for the accused to place before the commission the very worst incriminating evidence possible, and so be free from it?

Hon. Mr. DANDURAND: I did not want to interrupt my right honourable friend, but I would remind him that a witness summoned before the commission to be questioned and to produce documents, books, and so forth, is protected by the Act; his oral evidence cannot be used against him.

Right Hon. Mr. MEIGHEN: I know that; but there is no difference between oral and written evidence. When a man produces a document he swears to his signature thereto. Then everything in that document is evidence. Therefore if it is evidence against him he has been compelled to convict himself.

Hon. Mr. DANDURAND: By producing the document?

Right Hon. Mr. MEIGHEN: By producing and proving it . He has had to prove it.

Hon. Mr. DANDURAND: No. The proving is not against him, because it is his oral evidence.

Right Hon. Mr. MEIGHEN: But the document is proved. The real point is raised by the chairman, and if I cannot answer it I have no case at all. That point appears to have been in the mind of the head of the Trade and Industry Commission when he wrote his letter, namely, if we provide that the document so proved cannot be used against the witness, he can take advantage of that protection and, by going to the commission and putting the document in, prevent it from being used against him later. If he can do that, he should never have anything at all to say against this proposed amendment. The fact is he can not. No man can prove anything except as directed by the commission. The commission has charge of everything. No man can put in anything except with the consent of the commission.

But I was just about to read Judge Sedgewick's letter to the Prime Minister, in which he says:

> I have observed that in your statement to the House of the business to come before it this session you mentioned a possible amendment to the Combines Investigation Act. I have frequently discussed the matter of amendments with Mr. McGregor and there are a number of amendments which, in our opinion, would be advisable, but we feel that there is one which is a necessity if any investigations are to be made under the Combines Investigation Act. In my opinion it would be absolutely unsafe to go on with an investigation—at least an investigation which might be expected to result in a criminal prosecution—without an amendment to section 24 of the Act. This section was amended in the dying days of the last session in the Senate, and the House of Commons concurred in the amendment, very possibly without having had any real opportunity to consider it.

The sentence following is the one I call to the very careful attention of honourable members:

> In the result, documents which the investigator, under the Combines Investigation Act, might require to have produced to him in his investigation would be privileged and not admissible against the offender in a subsequent prosecution if section 24 remains in its present position.

With all respect, I say that is not correct. We will presume the commission suspects there is a document or a letter constituting an agreement between two persons who are engaging in an illegal combine. The commission has all the means of securing production of that document. We will assume the commission supects the person who wrote that document, and it thinks it may want to prosecute him. The document will probably be in the possession of someone else—the secretary or president or general manager of the company. The secretary or any other official is summoned to produce the document. If it is not produced the commission can issue a search warrant and compel production, for it has all the power that the Crown has in any court of law. But when the commission thinks there is someone to be prosecuted, it wants to get him into the box and so weaken his position in evidence and compel him to convict himself, so that the after course will be very easy.

Now, honourable senators not perhaps accustomed to courts of law, and not conversant with the principles that there must be observed and respected, might think, "Well, if he is guilty why not make him convict himself?" All I need say is that through all the history of British jurisprudence such a course has never been resorted to, and it is to the honour of the country that this is so. Why should we have to resort to it now? What is the difficulty of securing a conviction?

In most of the cases under the Combines Investigation Act corporations are investigated and prosecuted. This proposed amendment has nothing to do with corporations at all, because the corporation never gives evidence. A corporation can be convicted of crime—of offences against this law. So as respects corporations there is no need of the proposed amendment, for they are not protected in any way: they cannot give any evidence. Therefore any documents put in can be used against them. Those documents will be put in by the secretary or by some other official, and if necessary they can be reached by a search warrant. There is no way by which a corporation can protect itself.

The Crown may summon a person in order to get him into the box to weaken his position and make him convict himself in advance, and it may ask him to produce a document. In the event of the Crown afterwards deciding he ought to be prosecuted, it has taken a disability on itself. The Crown is responsible for the impairment of its case. It did not have to send for him. It could have got the document in one of half a dozen ways, by summoning some person connected with it, or the one who received it, or by a search warrant. There is no way in the world by which anybody could put in the document and say, "Because I have put it in it cannot be used against me." Surely no one would think I would stand here and defend anything of that sort. No one ought to be allowed to circumvent the law by his own ingenuity. Nobody can put in a document at an investigation unless the investigator wants it to be put in; and if he wants the evidence he has certain established ways of getting it.

Hon. Mr. HUGHES: How can he prove it?

Right Hon. Mr. MEIGHEN: You might wish, with respect to a certain crime, to put Red Ryan—were he alive—into the witness box and ask him if he was the man who fired the fatal shot; but that could not be done. Were it done, it would shock the whole nation. Can you place somebody else in a position different from Red Ryan's and say: "We are going to call you before a commission where you cannot have counsel, and we will make you yourself establish some document which later we intend to use to incriminate you"?

I am sure if Judge Sedgewick had given to this matter the attention which he has given to many other matters he would not have written that letter to the Prime Minister and would not have felt himself under the disability he expresses in his letter. Why should we distinguish between documentary and oral evidence? They are of the same nature; precisely the same principle applies to one as to the other. If a man cannot be made to convict himself by oral evidence, why can he be made to convict himself by a document? To compel him by either means is to do violence to every British tradition of justice and to those great protective features of our jurisprudence which accrue to the benefit of the vilest criminal.

Hon. RAOUL DANDURAND: Honourable senators, I am not in accord with my right honourable friend. I have examined the matter carefully. The Combines Investigation Act allows the investigator or the Registrar the right to investigate business and to have access to such premises and books, papers or records as he may need in order to carry on his inquiry. I take it for granted that one of the essential elements of an inquiry is to obtain information from the books and correspondence of the parties investigated, whether individuals or corporations. I believe this element is at the basis of the investigation. Those documents can be had by search warrant, or by summoning the secretary, president or general manager—

Right Hon. Mr. MEIGHEN: Or anybody.

Hon. Mr. DANDURAND: Or anybody. Section 24 of the Act as it was introduced in 1923 referred to evidence only. At once the question arose, in a prosecution following an investigation, as to what evidence could be brought against the accused. The case was heard in British Columbia and the question submitted to the judge as to what the word "evidence" meant. He interpreted it as including all the documents that had been produced—books and correspondence.

I should perhaps give the history of this clause, for it has a history.

The Combines Investigation Act of 1910 did not include any provision for the inadmissibility of either oral evidence or documents.

The Board of Commerce Act of 1919 (9-10 George V, c. 37) contained a section providing that no documents produced on the board's order should be used, in any subsequent criminal proceedings, against the person producing them. No reference was made to oral evidence. The section read as follows:

51. No person shall be excused from attending and producing books, papers, contracts, agreements and documents, in obedience to the subpoena or order of the Board, or of any person authorized to hold any investigation or inquiry under this Act, on the ground that the documentary evidence required of him may tend to criminate him or subject him to any proceeding or penalty; but no such book, paper, contract, agreement, or documents so produced shall be used or receivable against such person in any criminal proceedings thereafter instituted against him, other than a prosecution for perjury in giving evidence upon such investigation or inquiry, cause or proceeding.

In the original draft of the Combines Investigation Act of 1923 the principle of that section was followed and the exemption was extended to oral evidence required during an investigation. Section 18 of Bill No. 54, as introduced on March 9, 1923, read as follows:

No person shall be excused from attending and giving evidence and producing books, papers or records, in obedience to the order of the Registrar or Commissioner, on the ground that the evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such evidence or documents shall be used or receivable against such person in any criminal proceedings thereafter instituted against him, other than a prosecution for perjury in giving evidence upon such investigation, inquiry, cause or proceeding.

On second reading of the Bill, however, on May 7, 1923, the Prime Minister intimated that he would move an amendment to section 18 deleting the words "or documents" in the phrase "but no such evidence or documents." The Prime Minister's statement appears in Hansard as follows:

There is one other slight amendment, which is to strike out the words "or documents" that appear in section 18, line 42, of the Act. The section as drafted makes it obligatory upon any person to give evidence before a Registrar or Commissioner and to produce documents. It goes on to state, however, that whoever gives testimony cannot be bound in a court of law by the oral testimony so given. The clause as it now reads goes beyond granting protection as respects oral testimony and includes documents. The effect of the Bill as drafted would be that where any incriminatory

documents might be disclosed in the case of an investigation, subsequently, when court proceedings were held, a combine might find its means of escape from the just penalty of its illegal actions by having these documents protected. It is, therefore, my purpose to meet such a possible situation by providing that the words "or documents" shall be deleted.

This is from page 2521 of the House of Commons Hansard of 1923.

When the Bill was in committee the Prime Minister moved to delete the words "or documents" from line 42, and also moved to insert the word "oral" before the word "evidence" in line 40. The following is the complete Hansard reference made to section 18 when the Bill was in committee:

Mr. Mackenzie King: I have an amendment to this section, Mr. Chairman, that I mentioned it was my intention to introduce. I move to amend the section by inserting the word "oral" before the word "evidence" in line 40 and by striking out the words "or documents" in line 42 and substituting therefor the words "so given." The section as it stands protects in the event of a criminal prosecution any person as respects the oral evidence which he may have given, and also as respects documents he may have introduced. It is quite clear that unless the words "or documents" are stricken out, the clause would only serve to protect the combine in the matter of the evidence that was needed at the criminal prosecution.

Mr. Murdock: I would point out in that connection that it will be necessary to insert the word "oral" in line 4.

Mr. Mackenzie King: That is what I have done.

Amendment agreed to.

This is from pages 2631 and 2632 of the House of Commons Hansard of 1923.

Notwithstanding this amendment, question was raised in the Western fruit combine trial in 1926 (The King v. Simington et al) as to the admissibility of certain documents. Counsel for the defence argued that the word "evidence," in the phrase "but no such evidence," included both oral and documentary evidence. The trial judge held that certain documents, those produced by a witness on examination before the commissioner, could not be used in evidence against the witness or the corporation from whom they were taken. He stated, in addressing Counsel for the Crown, "I am inclined to think the Act takes away from you something you would have without the Act."

After this trial Counsel for the Crown recommended that the section be changed, on the ground that "the effect of the statute as it stands now is to permit a witness to produce all his incriminating correspondence and books while he is giving evidence under oath, and it is for all time safe from use against him." Accordingly, representations were made in 1927 to the Revision of Statutes Commission. The Commission recognized that it was the intention of Parliament to exempt only oral evidence, and authorized the insertion of the word "oral" before the word "evidence," thus removing any ambiguity that existed.

No other change was made in the section until the Act was amended in 1935, when the words "or documents" were reinserted.

Right Hon. Mr. MEIGHEN: Suppose a man is charged with a criminal offence that can be established by a document. Does the honourable member think the Crown ought to have the right to establish the authenticity of that document out of the mouth of the accused?

Hon. Mr. DANDURAND: No.

Right Hon. Mr. MEIGHEN: Then he cannot vote for this.

Hon. Mr. DANDURAND: I make this distinction. The investigator has a right to lay his hands on all the books and correspondence of the accused, or the party investigated. These, as my right honourable friend has said, can be secured in different ways. Is it for the general manager of a company that is being questioned, whose oral evidence will not be used against him, to bring in such evidence as he wishes?

Right Hon. Mr. MEIGHEN: He cannot do that. I would not allow that. He cannot bring in anything except what the commissioner is ready to receive as evidence. He cannot make evidence which the commission does not want. The commissioner can say: "I will not take that document from you, but I will send so-and-so to get it and prove it here." That man cannot put anything over on the commission.

Hon. Mr. DANDURAND: All his books, correspondence and papers are before the investigator, by whatever method they reach him.

Right Hon. Mr. MEIGHEN: The investigator can control that.

Hon. Mr. DANDURAND: The witnesses who are brought in will be immune from prosecution on the basis of their oral evidence; but surely all the books and documents in the hands of the investigators should be used at will in any futher investigation that may take place. It is because the words "or documents" were added to the Act that Mr. Justice Sedgewick says: "I dare

not investigate, I dare not move, because the end I have in view in investigating a combine is to discover the true state of affairs, and the stronger I make my case by documentary evidence, the weaker will be the case from the standpoint of the prosecutor if a prosecution ensues."

I have here a memorandum which has been put into my hands:

Section 24 of the Combines Investigation Act as it was passed in 1923 provided that oral evidence required of a witness during an investigation could not be used against the witness in any criminal proceedings, but the exemption did not extend to documents. In the session of 1935 the section was amended so as to make the same exemption apply to documents, thus making it possible for a member of a combine to file with the commission any incriminating documents which the commission might require him to produce, with the knowledge that they could not be used against him in any subsequent prosecution. In facing trial after an investigation the members of a combine would be in a stronger position than if there had been no investigation. The more thorough the investigation the less documentary evidence would be available against them in the trial.

Right Hon. Mr. MEIGHEN: If the investigation is stupidly conducted.

Hon. Mr. DANDURAND:

On the other hand, if the commission did not order the production of documents during an investigation, the evidence might well be insufficient to justify sending the case on for trial. Merely by calling for the production of documents in an investigation the commission would prevent the Court from receiving them in evidence in a trial. As the Prime Minister expressed it in 1923, "A combine might find its means of escape from the just penalty of its illegal actions by having these documents protected."

The present amendment is designed to remove this exemption with respect to documents. The protection to a witness required to give evidence will under the new section be the same as that made available to witnesses by section 5 of the Canada Evidence Act.

Now, the Canada Evidence Act says:

No witness shall be excused from answering any question upon the ground that the answer to such question may tend to criminate him, or may tend to establish his liability to a civil proceeding at the instance of the Crown or of any person.

If with respect to any question a witness objects to answer upon the ground that his answer may tend to criminate him, or may tend to establish his liability to a civil proceeding at the instance of the Crown or of any person, and if but for this Act, or the act of any provincial legislature, the witness would therefore have been excused from answering such question, then although the witness is by reason of this Act, or by reason of such provincial act, compelled to answer, the answer so given shall not be used or receivable in evidence against him in any criminal trial, or other criminal proceeding against him thereafter taking place, other than a prosecution for perjury in the giving of such evidence.

The difference between my right honourable friend and myself relates to the documents produced—books or correspondence. They are in the hands of the investigators. A witness, the general manager, director, or president, is brought in and examined on these documents. He may make all the admissions he pleases, for his oral evidence cannot be used against him. All that will remain as evidence for the trial will be the books and correspondence in the hands of the investigators, plus whatever evidence may be obtained concerning the authenticity of those documents, other than evidence by the accused, for he is immune from any oral evidence he may have given before.

The situation is a fairly serious one. Mr. Justice Sedgewick said, "I dare not proceed with an investigation"; and I knew the Department of Justice had expressed the same opinion. This morning I wrote to the Deputy Minister of Justice and asked him for a statement on this point. Here is the letter he wrote to me:

In reply to your letter of the 18th instant I may say that the view expressed by Judge Sedgewick in his letter to the Prime Minister of the 6th May, 1936, is that which I have entertained from the outset with regard to this matter. I am of opinion that if the Combines Investigation Act is to be effectively administered, section 24 should be amended so as to provide that documents, the production of which is ordered by the commission in an inquiry under the Combines Investigation Act, should be admissible in any subsequent criminal proceeding.

I wonder what disadvantage the accused will suffer, whoever he is, if anything he has said before the investigator cannot be used against him. All that can be used against him are documents emanating from the individual, or the corporation, and those documents can be secured in very many ways.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: The evidence attached to his recognized signature, or the signature of his correspondent, or the contract, cannot be used against him. While we may discuss at length the propriety of allowing the investigator to obtain the books and correspondence by divers means, I think we should put nothing in the way of the prosecution of any inquiry instituted under the Combines Investigation Act. I do not see that any injustice is done to anyone, since the Registrar or investigator has the right to secure those documents in very many ways, and all that is done in virtue of this Bill is to say that

they shall not be impounded and safe as against a future prosecution. If no harm is done to anyone, I cannot see that any principle is violated. The documents are brought in, and they are documents that should be at the disposal of the trial judge if a prosecution ever follows. Under these circumstances I should think that this amending Bill, which was passed by the House of Commons without one word of contradiction, though there are in that House many legal luminaries to whom the matter is not new—

Right Hon. Mr. MEIGHEN: It was not debated at all.

Hon. Mr. DANDURAND: Not one word.

Right Hon. Mr. MEIGHEN: All I rise to speak of is the letter of the Deputy Minister of Justice. The function of the Deputy Minister of Justice is to advise on matters of law, not matters of policy. I do not know what letter my honourable friend wrote to him, but the reply certainly contained advice on policy. I venture to say the Deputy Minister would not have given that if he had first made a thorough review of the subject.

Hon. Mr. DANDURAND: I simply asked if he shared the opinion of Mr. Justice Sedgewick.

Right Hon. Mr. MEIGHEN: I do not think one can read Mr. Justice Sedgewick's letter and say that any single sentence in it contains a wrong statement of law; but it is not a complete statement or one of any value in deciding upon the wisdom or justice of such an amendment.

In the result, documents which the investigator, under the Combines Investigation Act, might require to have produced to him in his investigation, would be privileged and not admissible against the offender in a subsequent prosecution if section 24 remains in its present position.

That is true if the offender is the one the Crown is under the necessity of calling into the box to prove the document; so neither the Deputy Minister nor anybody else could read the letter and say it was not right. But why should the Crown prove a document through the mouth of the man who may be prosecuted? There are a dozen other ways of doing it, and they have to be adopted for any other court. Why should the Crown ask to be excused here? That is my whole case.

Hon. Mr. DANDURAND: That does not hurt the man.

Right Hon. Mr. MEIGHEN: If it does not hurt a man accused under the Combines Act, how will it hurt a man accused of murder? You could not produce a document and make use of it against a man accused of murder. If it does not hurt here and is not unjust, I ask why it is unjust in a murder trial. The difficulty arises, not because we were hasty, but because others were hasty in coming to the conclusion that they have to bring into court, to prove a document, a man whom they want to accuse afterwards of a crime. They should not do it in any case. As a matter of fact, those accused under this Act are companies, and a corporation cannot be a witness, cannot utter a word, has no tongue. Only the witness is referred to here, and every corporation in Christendom can be prosecuted with the law just as it is to-day. But I suppose it is believed that some individual may be accused afterwards and that it should be possible to call him and make him prove the document which it is intended to use against him at his trial. That could not be done in a case of rape, murder, or conspiracy of any kind. It is not necessary in those cases, and it is not necessary here.

The CHAIRMAN: I think that throughout the Combines Investigation Act the word "person," which appears at the commencement of this section, generally refers, and is understood to refer, to the combinester who is being investigated.

Right Hon. Mr. MEIGHEN: It refers to any person at all.

The CHAIRMAN: The word is usually accepted as applying to the person who has been charged. Is that right?

Right Hon. Mr. MEIGHEN: Oh, no, I do not think so. It applies to anybody. It applies to the combinester or to anybody else. Anybody who is summoned to produce a document and prove it has to do so. But a person cannot be a corporation. A corporation cannot give evidence. Consequently this section has no application at all to a corporation. All it does is to make an exception of someone who may be accused of a crime afterwards, and it does so to enable the Crown to use a method of reaching him such as has never been used in any court of law in any British country.

The CHAIRMAN: The next section says:

If any person, who has been duly served with an order issued by the Commission requiring him to attend or to produce any books, papers, records or articles—

and so forth, he shall be liable to imprisonment for six months or a fine of $1,000.

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

Hon. Mr. DANDURAND: I call the attention of my right honourable friend to a distinction which he ought to make, but does not, when he speaks of a charge of murder. He asks: "Can the accused be brought in, say, at a preliminary examination, and examined on a letter in which he has confessed to the crime?" I say no, unless he is warned.

Right Hon. Mr. MEIGHEN: He cannot be anyway.

Hon. Mr. DANDURAND: But the letter itself, in the hands of the Crown prosecutor, can be used against him, and evidence can be brought to prove its authenticity. The testimony of the accused will not serve to establish that, even in the case of murder. Likewise here, all the investigator needs are the documents, correspondence and books; and none of the documents brought in by the parties, and upon which they have been examined, can be used against them. The effect of the amendment is simply that documents which are in the hands of the investigator can be made use of in a trial. They cannot be used if the word "documents" remains, because the corporation representative or the individual will say, "I was examined on those documents." The general manager may say, "I produced them myself, and they should not be used against me." I believe that in many ways the administration of justice would be paralyzed if the word "documents" were left in the section. The accused parties are protected as to what they say at an investigation, and even as to admissions that they may make in documents. Hon. Mr. Sedgewick and the Department of Justice feel it is a mistake that documents cannot be used against an accused person. My right honourable friend will realize that in nine out of ten cases the general manager of the concern charged will be examined, and that he will have the documents with him.

Right Hon. Mr. MEIGHEN: It is not necessary, though, that they be taken from him.

Hon. Mr. DANDURAND: The documents may be in his possession and a subpoena may be issued against him. After the documents have been used in the investigation they cannot be produced in court, and the Crown is unable to make out a case.

Right Hon. Mr. MEIGHEN: He can be examined at the trial. Let us take a case such as the honourable gentleman suggests, of a document signed by a man accused of murder. Can the Crown put that man into the box, show him that document and ask him if he signed it?

Hon. Mr. DANDURAND: No.

Right Hon. Mr. MEIGHEN: The honourable gentleman says that at an investigation a man may be questioned about a document. Well, if the investigators are stupid, if they know nothing about the law, they will do that. But that certainly cannot be said of the head of the Trade and Industry Commission, nor of anyone in a position of responsibility. If it is necessary to use a search warrant to obtain a document, that method can be used. But in the ordinary case a man under investigation will be confronted with a document, and in such a position as to imperil his defence. I do not say the desire to place him in such a position arises from any sinister purpose, but the fact is that he would be subject to a disability such as no person should be subjected to.

Hon. Mr. DANDURAND: But the evidence he gives will not be usable against him at a trial.

Right Hon. Mr. MEIGHEN: Will it not? He is under investigation and is compelled to admit the document. Is he ever again in a position to dispute it? He can talk until he is black in the face, but his defence is gone—taken away from him in an inquiry where he had no counsel and had himself not a word to say—where he was, indeed, nothing but the tool of the examiner.

Hon. Mr. DANDURAND: When he leaves the inquiry he is as free as if he had not given evidence at all.

Right Hon. Mr. MEIGHEN: That is just imaginary.

Hon. Mr. DANDURAND: The present Act puts an impediment, which I think should not exist, in the way of investigations. The accused, the general manager of a corporation, for example, may see to it that documents are not available, even if a search warrant is issued, until he himself produces them when being examined.

Right Hon. Mr. MEIGHEN: There is no chance of that happening.

Hon. Mr. DANDURAND: I am told there would have been the greatest difficulty in obtaining convictions in the cases against the coal companies if that word "documents" had been in the Act.

Right Hon. Mr. MEIGHEN: The honourable senator behind me (Hon. Mr. Moraud) will have something to say about that.

The CHAIRMAN: May I ask the right honourable gentleman a question? The Act says that "no such evidence or documents so

required shall be used or receivable against such person," and so on. Does the right honourable gentleman hold that to mean that no such documents shall be used against the man who produced them?

Right Hon. Mr. MEIGHEN: That is it.

The CHAIRMAN: But does it not imply that they shall not be used against the company or the persons in the alleged combine?

Right Hon. Mr. MEIGHEN: Oh, no. The law is that a man cannot be compelled to give evidence against himself. I should like the senator behind me to tell what occurred in the coal cases, to show how great is the disability of an accused under the present Act.

The CHAIRMAN: Will somebody tell about what happened in British Columbia, before the coal cases?

Right Hon. Mr. MEIGHEN: I was not there; so I do not know what happened.

Hon. Mr. DANDURAND: I ask permission to have Mr. McGregor come onto the floor.

Right Hon. Mr. MEIGHEN: I wish my honourable friend would ask to have Hon. Mr. Sedgewick here.

Hon. Mr. DANDURAND: Of course, he is not present.

Hon. Mr. MORAUD: Honourable members, I was one of the attorneys in the coal cases. There is no doubt that the court proceedings were based entirely on the documentary evidence, which evidence was not obtained as it should have been, according to the rules of procedure. An officer simply goes to the office of the accused and there takes all the documents, from which he extracts whatever suits his purpose. That documentary evidence is filed, whether the accused likes it or not, and regardless of whether it is of an incriminating nature. Later it is published in a report, and used against a person who was not accused until after the investigation had ended.

Right Hon. Mr. MEIGHEN: The investigators use the documents to their hearts' content.

Hon. Mr. MORAUD: That is all they use.

The CHAIRMAN: These investigations start off as fishing expeditions, do they not?

Hon. Mr. MORAUD: Yes. But you cannot carry on a fishing expedition before a court.

The CHAIRMAN: Officers who go looking for an illicit still are on a fishing expedition.

Hon. Mr. MORAUD: It may be all right to carry on a fishing expedition in an investigation, but an accused should not be the subject of a fishing expedition in court.

Hon. Mr. DANDURAND: My right honourable friend does not move against the clause?

Right Hon. Mr. MEIGHEN: No. I shall simply vote against it.

Hon. Mr. DANDURAND: I move that the clause be adopted.

The CHAIRMAN: Shall I read the clause again?

Right Hon. Mr. MEIGHEN: Yes.

The CHAIRMAN: The marginal reference is: "No person excused from giving evidence on ground of incrimination. Protection from oral evidence only." The section reads:

Section twenty-four of the Combines Investigation Act, chapter twenty-six of the Revised Statutes of Canada, 1927, as enacted by section seventeen of chapter fifty-four of the statutes of 1935, is repealed and the following substituted therefor:—

"24. No person shall be excused from attending and giving evidence and producing books, papers or records, in obedience to the order of the Commission, on the ground that the oral evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such oral evidence so given shall be used or receivable against such person in any criminal proceedings thereafter instituted against him, other than a prosecution for perjury in the giving of such evidence."

The motion of Hon. Mr. Dandurand was negatived: contents, 7; non-contents, 18.

Section 2 was agreed to.

The preamble and the title were agreed to.

The Bill was reported, as amended.

The Hon. the SPEAKER: Is it your pleasure, honourable members, to concur in the report of the committee?

Hon. Mr. DANDURAND: I move that consideration of the committee's report be postponed until to-morrow.

The motion was agreed to.

GOVERNMENT ANNUITIES

REPORT OF SPECIAL COMMITTEE

The Senate proceeded to consider the second report of the special committee appointed to consider and report upon the operation of the Government Annuities Act.

Hon. JAMES MURDOCK: Honourable senators, as I was a member of the special

committee appointed to inquire into the operation of the Government Annuities Act, I do not intend to take any exception to the committee's report, but I really think that possibly the committee's work was too hurried, because of the other committees that we had to attend. And although I was present at all the meetings of the committee, so far as I know, I was not aware that a report was being brought down until we had it before us. Furthermore, I feel that possibly the committee did not make all the inquiries that should have been made in connection with Government annuities.

The report now before us for adoption makes certain recommendations, with some of which I think we all can agree. But it seems to me that it does not tell the Senate certain vital and important things that should have been told. I have been looking at some evidence that was given in 1934 before a special committee of the Senate on this very matter, and I am going to read some extracts indicating the origin of these annuities and also what has been accomplished in the two years since that committee sat. We all know that these two years have brought about many remarkable changes in world affairs, particularly with regard to matters of finance.

The special committee of 1934 had before it the Superintendent of the Annuities Branch. He was asked by the chairman, the honourable senator from Moncton (Hon. Mr. Robinson), to tell what had been done in the past, and he made the following statement:

As you know, the Annuities Act was passed in 1908. Sir Richard Cartwright, then Minister of Trade and Commerce, introduced the Bill in the Senate, and the Hon. W. S. Fielding took charge of it in the House of Commons. Mr. Fielding made a few changes in the Bill, but subsequent events showed that Sir Richard was right. Sir Richard when introducing the Bill in the Senate made a very interesting speech, in which he predicted several things that have since come to pass, even the depression. He was a real statesman.

Right Hon. Mr. MEIGHEN: What year was that, please?

Hon. Mr. MURDOCK: 1908.

Right Hon. Mr. MEIGHEN: As late as that?

Hon. Mr. MURDOCK: So this evidence states. I myself was surprised when I read that.

The Bill provided that the money received from the purchasers of annuities should be invested by the Minister of Finance in Dominion of Canada bonds and in first-class provincial bonds, the fund to be kept separate from the Consolidated Revenue Fund. This provision was changed by Mr. Fielding. He did not want to be bothered with the investment of the small amounts of money that would probably be received from the sale of annuities. The rate of interest was first fixed at 3 per cent, and Mr. Fielding did not think this enough; so 4 per cent was finally decided upon. This was all right for the Government for a few years, but then the general rate of interest jumped to 5 per cent and 5½ per cent; then it receded to 5 per cent and ultimately to 4½ per cent. So the Government was paying only 4 per cent during all those years, because an annuity is a straight loan, just the same as a bond.

The Chairman: During those years the Government made something on the interest.

Mr. Blackadar: Yes.

The annuities are based on the mortality experience of the British offices of 1893, which was the standard table used all over the world until a few years ago, when a new mortality table was gotten out and is now the accepted standard. The Government still uses the old mortality table.

That was two years ago, when this statement was made.

The rates have remained the same, with the exception that in 1921 the Act was amended to make the death benefit on the deferred annuities 4 per cent, but we increased the rate of premium correspondingly. Consequently there really was no change in the basis on which the rate was worked out. We did that to offset the adverse effect produced by people thinking they were investing in a 3 per cent proposition, when really it was 4 per cent.

Certain honourable members of the special committee which investigated this matter appear to believe that the Government is paying out very substantial sums of money for the benefit of those who have invested in Dominion Government annuities. In this connection I may refer to a memorandum from the Canadian Chamber of Commerce. Let me quote paragraph 6, for I think all honourable senators should have it before them. This is the paragraph:

As the present rates and conditions are so advantageous, the premiums received by the Government have trebled during the last two years and have increased ten-fold since 1927, as indicated in the following statistics:—

Year:	Income from premiums	Liabilities under existing annuity contracts
1927..	$ 1,894,885	$11,446,119
1934..	7,071,439	35,023,476
1935..	13,376,400	46,906,192
1936..	20,000,000*	65,000,000*

*Approximately.

This growth by itself seems ample proof that the rates are much out of line with what they should be, yet the policy has been further to encourage the sale of Government annuities, every one of which is issued on an unsound financial basis.

I want to refer again to evidence produced before the committee two years ago, of a sort which we did not secure this year, for

lack of time or some other reason. On that occasion the Superintendent of Dominion Government Annuities was asked by the honourable senator from Edmonton:

Hon. Mr. Griesbach: Why do you call it a guaranteed ten-year annuity?

Mr. Blackadar: If he died at the start his estate would not lose all that he had paid in; the annuity would continue for ten years to his wife or family. The cost of those annuities is within the reach of the average person.

The Chairman: Last year you took in $7,000,000 odd?

Mr. Blackadar: Yes.

The Chairman: How much did you pay out?

Mr. Blackadar: About $2,500,000.

Of course, honourable senators realize that this does not by any means indicate the liability assumed. The point is that to get any correct estimate of what the Annuities Branch is doing at the present time we should have a more thorough investigation than we have been able to carry on this session.

It has been stated, not once but several times, that originally the promoters hoped that Government annuities might in many cases obviate the payment of old-age pensions or, under present-day conditions, unemployment relief—something we knew nothing about in 1908 and never dreamt of. The report now before us contains an expression of opinion to the effect that last year the Government lost $400,000 on its annuity business. I am not at all sure that those figures are accurate; in fact my personal judgment is that they are not. But let us say there is a bookkeeping loss of approximately $400,000. No honourable senator can deny that persons now drawing annuities might have been on the dole for the last year or two but for their foresight in making provision for their old age. We do not know how many of those annuitants may be taking care of sons and daughters and other relatives unable to get work. I can well imagine that many annuitants drawing, let us say, $100 a month are helping to take care of Canadians who otherwise might be a charge upon the federal, provincial or municipal treasury. Therefore it seems to me we ought to be very careful before adopting any suggestion which might handicap a very important branch of the Government service in helping those Canadian citizens who are willing to help themselves.

I am not in strong disagreement with the report except paragraph 4, which says that a continuous audit should be maintained for the information of the Minister in charge of annuities and the Minister of Finance. To me, although I am a member of the committee, that is just pure nonsense, for unquestionably the Minister of Finance has the necessary and proper check. I am not in general disagreement with the recommendations. For instance, I think that under present conditions we are paying too high a rate of interest. I am not sure that we should cut the rate down to 3½ per cent, which is suggested, in order to cover all expenses. True, the Annuities Branch has in the past been maintained as a separate entity at Government expense; in other words, annuitants have been getting the full benefit of the business, which has been carried on at the expense of others. I think annuitants should pay the administration expenses. But apparently some persons desire—I hope I am wrong—to curtail any further efforts of the Annuities Branch. I do not think its work should be curtailed. We ought to be devising ways and means of making this a more profitable undertaking for the benefit of Canadians who in the years to come may be ready to take care of themselves in their old age. I think it might be for the benefit of the people if larger amounts of money were secured on a proper basis from Canadians who are willing to help themselves in this way.

A great deal more might be said on the subject, and I hope other honourable senators will deal with it, particularly the honourable gentleman from Edmonton (Hon. Mr. Griesbach). I notice that in 1934 he took a prominent part in the work of the committee and brought out a good deal of information.

I have expressed these opinions and referred to what took place two years ago lest a false impression might be created by adoption of the report now before us.

The Hon. the SPEAKER: Do you move adoption of the report?

Hon. Mr. MURDOCK: No.

Right Hon. Mr. MEIGHEN: Honourable senators, I am not at all in favour of abolishing the Annuities Branch. I hope I have not given to the House the impression that I favour its abolition. I do think, though, the business has expanded to the point where it ought to carry itself. I understood from a remark by the honourable senator from Parkdale (Hon. Mr. Mudock)—he will correct me if I am mistaken—that he thinks larger annuities might be permitted to those who wish to make larger provision for their old age.

Hon. Mr. MURDOCK: Oh, no.

Right Hon. Mr. MEIGHEN: I am glad to hear that. I am not at all in favour of larger annuities. In fact I think one of the abuses is that the annuities now may be purchased, and legitimately, by people quite well off, and thereby they escape a measure of income tax. That is one of the things I had in mind in supporting the inquiry.

Hon. Mr. MURDOCK: I think $1,200 a year should be the limit.

Hon. Mr. COTE: Honourable senators, as a member of the special committee whose report is now before us, I may say that we had the pleasure of the assistance of the honourable member from Parkdale (Hon. Mr. Murdock), but I must add very candidly that while listening to him I did not recognize that he had sat on the committee, for the criticism which he now makes of the report he certainly refrained from making when we were studying it in the committee.

Hon. Mr. MURDOCK: You mean when you were there.

Hon. Mr. COTE: I mean at the last meeting of the committee, when the report was submitted and discussed. However, I will not pursue that thought. I am simply rising, in the absence of the chairman, Hon. Mr. Black, to move adoption of the report.

Hon. Mr. ROBINSON: Honourable senators, I served as a member of the Special Committee on Government Annuities, but unfortunately I was not present at all its meetings. I was chairman of the committee which met in 1934, to which reference has been made. It is my impression that the annuities system is a good thing if the business is properly carried on. It is my opinion, from the evidence we heard, that there should be a revision of the rates and the mortality tables. The report of the Government actuary showed that the rate of mortality had changed tremendously in the past twenty-five years, and indicated that the present tables were very much out of date.

There is a system in England which carries itself, I believe, and enables the Government to obtain money from the people who wish to buy annuities. Such, I think, was one of the ideas former Finance Ministers had with regard to our own system. By means of annuities they were getting money more cheaply than they could get it in the market. While the mortality tables were not correct, the rate of interest was very reasonable. Now interest rates have changed.

I think I can support the adoption of the report as a whole. I regret that the committee did not have time to go further into the matter and to embody more details in its report. Much more could have been accomplished, I believe, had time permited. I think that the committee has done good work, and that the report is a reasonable one.

Hon. Mr. DANDURAND: I desire simply to say that I shall be happy to bring the report to the attention of the Department of Labour, which is charged with the administration of annuities, and also the Department of Finance, which is vitally interested in this matter.

Hon. Mr. GRIESBACH: The honourable senator from Parkdale (Hon. Mr. Murdock) has mentioned my name in connection with this matter. I was not a member of this year's committee, but was a member of the previous committee which looked into the question of annuities.

All I want to say, as an outsider, is that in raising the rates the Government would be well advised to consider the rate of interest at which it will be able to borrow money for the next twenty years. Two years ago we were told that the average cost of money over a twenty-year period had been 4·6 per cent, and that the average cost of annuities was 4·10 per cent, the result being a profit to the Government, based on the way in which the business was done. Now that the Government is borrowing money at 3·25 per cent, annuities sold on the old basis are obviously being sold too cheap. The Government must assume the responsibility of determining whether or not that rate of interest is going to continue for the next eighteen years, or what the rate of interest will be.

The mortality tables, which were unearthed by this committee, of course put a new complexion on the matter.

I think the purpose of the report is merely to put the Government upon inquiry in this matter, which, after all, is the responsibility of the Government; and if the report does that, and the Government takes appropriate action in the premises, the work of the committee will be worth while.

The motion was agreed to.

SUPREME COURT OF CANADA

ABOLITION OF APPEALS FROM UNANIMOUS JUDGMENTS—MOTION—DEBATE CONTINUED

The Senate resumed from June 10 the adjourned debate on the motion of Hon. Mr. Casgrain:

That in the opinion of the Senate, a judgment of the Supreme Court of the Dominion of Canada, when unanimous, should be final except in constitutional cases.

Hon. Sir ALLEN AYLESWORTH: Honourable members, it is really useless for me to begin to discuss this motion with any idea of finishing by six o'clock, and I cannot be here to-morrow.

Hon. Mr. DANDURAND: Proceed.

Hon. Sir ALLEN AYLESWORTH: The honourable gentleman who has made this motion (Hon. Mr. Casgrain) has supported it by so many and so varied arguments that I cannot help fearing that in trying to oppose it, and to answer some of the things he has said, I may be compelled to occupy as much time as he did. Hoping that that may not be my fate, I shall go at once to what I think is the very root of the matter.

Appeals from Canada to the Judicial Committee are of two classes. As has already been said, there may be an appeal as a matter of statutory right, or there may be an appeal as a matter of grace.

It is of importance to keep those two manners of appeal entirely distinct, because this motion does not in any way touch the question of appeals by statutory right. These are appeals to which there is a right, ordinarily, by some statute of the colony, the province, or the Dominion from which they are brought. There is that right of appeal in certain prescribed cases in the province of Ontario, and equally there is the same statutory right of appeal in the province of Quebec. I am not in a position to say what the law on the subject is in any of the other provinces of Canada. In the province of Ontario, and, I think, equally in the province of Quebec, that statutory right has existed for a great many years. I think it was early after the Constitutional Act of 1791 that statutes were passed by the legislatures of these colonies providing that right of appeal. It does not by any means extend to all cases; it really extends to a very few. The amount involved must be considerable before there is any such right to appeal; and in other respects the right is surrounded, by the provisions of the statute, with many restrictions which limit in large measure the number of such appeals which can be taken. Of course, this Parliament has no control over such statutory right of appeal. It is a matter of property and civil rights in the province, and no matter what we in this Parliament did, either by resolution, as we are now asked to proceed, or by statute, that right of appeal would not be affected.

All other Canadian appeals that can now go before the Judicial Committee are appeals by special leave given in the exercise of the King's prerogative right. So this motion concerns literally and entirely the exercise by His Majesty of his prerogative rights as king and ruler.

The motion relates wholly to appeals from the judgment of our Supreme Court. In the Supreme Court Act there is now, and there always has been, a clause to which my honourable friend referred in moving the motion, but which he did not read or put upon Hansard. It is now section 54 of the Supreme Court Act, Chapter 35 of the Revised Statutes of 1927. This section stands by itself in the statute under the general heading, "Judgment final and conclusive." It reads:

> The Judgment of the Court shall, in all cases, be final and conclusive, and no appeal shall be brought from any judgment or order of the Court to any court of appeal established by the Parliament of Great Britain and Ireland, by which appeals or petitions to His Majesty in Council may be ordered to be heard, saving any right which His Majesty may be graciously pleased to exercise by virtue of his royal prerogative.

When the Supreme Court Act was passed, in 1875, it would have been perfectly competent to the Dominion Parliament to provide for a statutory right of appeal to the Privy Council. A statutory right of appeal had long existed in the two provinces of Canada, and probably also in the Maritime Provinces. But in the Act creating the court the Parliament of Canada not only omitted to include any statutory right of appeal from the decisions of that court, but also, in express terms, negatived that right of appeal. Now my honourable friend wants to introduce into our law a modification of that negativing of the right of appeal. He wants to create a new statutory right of appeal in all cases in which the court is not unanimous, and also to except constitutional cases from this express statutory law.

I cannot understand my honourable friend's motion, in the light of the arguments by which he has supported it. There is already, and has always been, in the statute itself the careful provision that this denial of statutory right of appeal is not in any way to affect His Majesty's prerogative right to give permission to appeal, as a matter of grace. And indeed I should think it could not be otherwise. Would anyone argue—I do not know whether the honourable gentleman who proposed this question would—that the Parliament of Canada, even if acting by statute instead of by resolution of one of its Houses, could limit the royal prerogative in any way? Would anyone even think that? Why, the royal prerogative, the official actions of the King as head of the state, are necessarily matters of Imperial interest. I submit that no Parliament in the Empire, except the Imperial Parliament itself acting with the assent of His Majesty himself, could limit or lessen his prerogative rights.

I want to call attention to what I must be permitted to say is, I think, an entire misapprehension on the part of the honourable gentleman as to what the right of appeal to His

Majesty is. At the opening of his remarks, as reported at page 435 of our Hansard, he said:

It should be borne in mind that appeal to the Judicial Committee of the Privy Council has nothing whatever to do with the inherent and absolute right of any British subject to lay his complaint, his grievance, or his petition, at the foot of the Throne.

I agree with the honourable gentleman as to the existence of this inherent and absolute right of the subject. But as I read on I found that the honourable gentleman was thinking of an entirely different thing. He proceeded to illustrate his point by telling us of an occasion when, acting for some colleagues or clients, certain bondholders, he had exercised his right, as he thought it, to go to the foot of the Throne, in the person of the Lieutenant-Governor of the province of Quebec. That was not anything in the nature of an application to His Majesty or His Majesty's representative to exercise this prerogative right. That was an application to the Lieutenant-Governor of the province to enable the applicant to obtain permission to bring an action; not to appeal at all. The two things are as completely distinct as any two things in the world could be. When anyone has a claim, of whatever nature, against the government, or the people, of any province, dominion or colony, it is in form a claim against the Crown. Well, the King, the wearer of the Crown, cannot be summoned into one of his own courts without his consent; so consent is given by His Majesty's Attorney-General for the province or dominion or colony, as the case may be. That is not a petition presented at the foot of the Throne, but is simply an application to the attorney of the public that he will consider the nature of the claim which it is desired to bring into the court, and will assent to its being litigated.

That right of application on the part of every would-be litigant is in these latter days apparently considered to be something which the Attorney-General of Canada, or of a province, may and ought to use his own discretion about granting. I can only say that in this respect I personally have very different ideas, and that some twenty-five or thirty years ago, during the time I was Attorney-General of Canada, there were scores of such cases and never did I refuse, or think of refusing, to allow the litigant to bring his suit.

At six o'clock the Senate took recess.

The Senate resumed at 8 o'clock.

Hon. SIR ALLEN AYLESWORTH: Honourable members, before the six o'clock adjournment I had tried to point out that the only effect of adopting the resolution which is before us for consideration would be to widen rather than to restrict the class of cases in which, at present, the judgment of our Supreme Court is by statute absolutely final. But clearly the real purpose of the motion is to endeavour to limit further, or in some way to restrict, the exercise of the prerogative right to allow an appeal upon a petition of the subject. Therefore, the all-important consideration in dealing with this question is the nature of that prerogative right.

The prerogative right is not a matter of statute; it is a necessary result of any monarchical system of government, and whatever may be the constitutional position of the head of the state in any other monarchy in the world, the position of the King, as head of the Empire, in British countries and British communities, is founded upon the legal axiom that the King is the source and fountain of justice.

The King administers justice in present days through the agency, or by the means, of appointed representatives. It was not always so, even in England. Under the Norman kings and the earlier Plantagenets, the King had no justices and no judges; no courts except his own when he held a court as King. In later years, because business so increased and multiplied that it was an absolute physical impossibility for any one man to do the work of administering justice among his subjects, there came to be representatives of the King, delegates of the King we might almost call them, appointed by him to administer justice. So, courts gradually came to be constituted, by legislation when there was a parliament to legislate, and to-day the King is not merely the source and fountain of justice, but the supreme tribunal of justice throughout the Empire. He is supreme not only over persons, but equally over all courts within the Empire; and the final appeal, regulated now as it is by statute, is none the less an appeal to the King, as head of the state, to see that justice is administered throughout the state.

My honourable friend who introduced this motion spoke of the difference between the way in which appeals from courts of the United Kingdom are dealt with, and the way of dealing with appeals from Canada and from other dominions of the King outside the United Kingdom. There is not in fact any difference in principle. In both cases they are appeals to the King. In Great Britain appeals from all the courts go for hearing to the House of Lords, because in earlier times, before there were any other dominions of the King, those appeals were to the King in Parliament. In the beginnings of the history of the British Parliament the King was personally present and occupied his Throne. That Parliament

did not then consist of two Houses. All members of it met as one assembly, with the King upon his Throne as the presiding member of that august tribunal. In the theory of the law that is to-day the exact position in regard to appeals—in any event, of appeals to the House of Lords.

My honourable friend made one little slip in his address, when he spoke of the Judicial Committee as being a branch of the House of Lords. At least, it is so recorded in Hansard. That, of course, he did not intend to say, for no one is better aware than my honourable friend himself that there are several members of the Judicial Committee, in fact a majority as it is constituted to-day, who are not members of the House of Lords at all. We have three representatives from Canada: Sir Charles Fitzpatrick, Sir Lyman Duff and Sir William Mulock. All three are members of the Judicial Committee in virtue of their position as members of the Imperial Privy Council.

Appeals from British courts to the House of Lords at the present day are dealt with by the same individuals who, generally speaking, sit in appeals from the colonies. The Law Lords are appointed members of the House of Lords, made peers for life, for their experience as judges or their eminent position at the Bar; and it is their business to sit either in the House of Lords or in the Judicial Committee as occasion may require.

So there is no real difference in principle, or in fact, between the manner in which, at the present day, an appeal is dealt with, whether it comes from one of the courts of England and Scotland or from a dominion or other outlying part of the Empire.

Let me point out exactly how such an appeal is an appeal to the King himself—a petition lodged at the foot of the Throne. I am thinking of the manner in which, at the present day, an appeal, to the Privy Council if you like—to the Judicial Committee—is begun in the Channel Islands. The Channel Islands are so wedded to the ancient customs that their court proceedings still are carried on orally, instead of being, as in Canada and, I think, all over the rest of the Empire, entirely in writing. When any litigant in the Channel Islands feels aggrieved by the decision of one of his courts and intends to appeal to the King, he does it by the ancient clameur de Haro. He goes to the market cross, and, falling on his knees before it, throws his arms around the upright, where he cries aloud, "Haro! Haro!! Haro!!! A l'aide, mon prince. On me fait tort." He is appealing to his Duke of Normandy—to King Edward VIII of England—the lineal descendant and successor of Rollo, first Duke of Normandy a thousand years ago, and he cries aloud for justice to his ancient Duke—'Ha! Rollo."

That is literally and exactly the manner in which the right of appeal by a British subject seeking redress of a grievance, this right to claim the exercise of the royal prerogative, is carried out in actual practice to-day. But in Canada we put the petition into writing.

Any litigant who feels himself aggrieved by the decision, not merely of the Supreme Court of Canada, but of any court in the King's dominions—no matter whether it be a police court, a magistrate's court or any other —has the undoubted right to petition his King, claiming that he has been treated unjustly or wrongly in one of the King's courts and praying that justice be done. When such a petition reaches the King it is referred by him at once, either under general order or under special order applicable in the particular case, to his Judicial Committee for consideration. As I have stated, that committee is not a branch of the House of Lords. It is simply a committee, like any other committee, of the King's Privy Council. Every member of the committee is necessarily sworn first as a Privy Councillor. Every petition from a British subject or any other litigant who has a grievance is referred in such manner to this Judicial Committee. In exactly the same way the public affairs of every government go, not to the King personally, nor, in the dominions, to His Excellency, the representative of the King, but to a committee of the Privy Council. Every cabinet, every government, is but a committee of the larger body of all the Privy Councillors of the dominion or colony, as the case may be, or of Great Britain.

The Judicial Committee deals with a petition as a court would. It is not in form, though it may be in substance, acting as a court. It is acting judicially, in that respect just like our Divorce Committee, which performs judicial work at its every sitting and afterwards makes reports or recommendations to the Senate. In exactly the same way the Judicial Committee of the Privy Council, on a reference of any petition from the King, meets to deal with it and hears counsel for the parties, or the parties in person. I think my honourable friend referred to a recent instance in which a Canadian lady presented in person and successfully conducted an appeal to the Judicial Committee. She was not represented by any lawyer. There is no necessity that anyone should be so represented, unless he wishes.

After leave to appeal has been given and the appeal itself formally argued before the committee, the committee makes no decree. Like our Divorce Committee, it simply recommends. The members of the committee agree among themselves upon what advice they shall offer to the King in respect of every petition. My honourable friend says they are always unanimous. But is that not true of any committee? No matter what differences of opinion may exist in a committee, its report to its superior body is one. It could not be otherwise. How could advice be given to the King except by a report which, on the surface at any rate, appears to be a unanimous report? There is no such thing as a minority report of that committee, or any other, for that matter. A report from a minority would not be a report from the committee.

When the Judicial Committee makes a finding of judgment it expresses it by way of advice to His Majesty. That advice in formal shape, that report or recommendation, whatever you please to call it, goes to the King and is dealt with, not by any committee of the Privy Council, but by the King himself sitting in Council. When we in Canada get a judgment of the court, as it may be called, it is an order and decree of the King himself, surrounded by members of the Privy Council who have been summoned; and the names of those councillors in attendance are always recorded upon the face of the order.

My honourable friend seemed to think that he was putting a complete poser when he asked the question: suppose the courts here do not obey the order, what then? Well, it is little wonder that nobody could answer. But I may say to my honourable friend that this is the course of procedure. The original order or decree of the King, disposing of the litigation, is filed in the office of the court from whose decision the appeal was made. On its being so filed it becomes a judgment of that court. In Ontario, at least, it is made a judgment of the court itself by the statute which gives the right of appeal. The procedure is exactly the same in the case of an appeal under the prerogative right, an appeal of grace. Once the King's decree is pronounced and the official certificate of it comes to Canada, that certificate, on being filed, becomes, ipso facto, a decree of the court and is enforced by that court just as one of its own judgments would be enforced. Such a decree may be subject to the same difficulties in execution as is any judgment of the court. For instance, if an officer of the court, in execution of the decree, seized upon goods or property not belonging to the man condemned to pay, the true owner would have his legal rights, not in opposition to the decree, but in objection to the manner in which it had been executed by the court officer. But the decree itself becomes and remains simply the judgment of the court which has been appealed from.

I need hardly pause to say—and yet I have to say it—that the right of any British subject to petition the King for redress of his grievances seems to me one of the most valuable rights that any subject could possess. Why should any person seek to deprive his fellow citizen of that right? I do not think any person can succeed in doing so, but why should anyone want to do so? It may well be that some man does not value that right; that he thinks he will never have any need to exercise it. I have never had, personally, but if I should have I should think a great wrong had been done me by any fellow subject who had tried to deprive me of it. Let me remind honourable senators how important that right is, however it may be looked at. Think of the King's own official oath at Coronation. The King pledges his royal word and honour, by solemn oath, that he will govern according to law and that to the utmost of his power he will cause law and justice, in mercy, to be executed in all his judgments. Would anyone seek to restrict or limit the King in carrying out his oath of office? That solemn pledge being made by the King on his Coronation to every one of his subjects, what does the subject do in return? He gives to the King his equally solemn oath of faithful, true allegiance. As long as that relation exists between the King on the one part and the subject on the other, so long ought the subject, as a necessary consequence and result of it, to have the unfettered right to appeal to his King for justice, and the King to have the equal right and power to see that justice is done to that subject.

The very duty of the King as head of the State to see that justice is administered seems to me to be the essential attribute of kingship. Certainly it is as ancient as kingship itself. We all remember the story in the Bible of the wise judgment delivered by King Solomon when two women were disputing before him as to which was the mother of the living child. There is an instance, three thousand years ago, where the King as head of the state was exercising his right of administering justice because he had nobody else to do that work for him. A thousand years afterwards we have St. Paul exercising this identical right of appeal to the Emperor as head of the state —to the Privy Council if you like. Paul, arrested in Jerusalem for an alleged breach of

Jewish laws or customs, and about to be scourged by the chief of police—or chief captain, as he is called in the sacred narrative—demanded, "Is it lawful for you to scourge a Roman?" The chief captain was astonished to hear this Jew was a Roman citizen, and answered, "With a great sum obtained I this freedom." And Paul said, "But I was free born." Two years later, when he was before the Roman Governor Festus, and Festus was minded to send him back to Jerusalem to be dealt with by the Jews, Paul again asserted his right as a Roman citizen and said, "I appeal unto Caesar." And, though that Caesar was Nero, Paul went to Rome. If he had not gone, the history of the world might have been different. That appeal to Caesar was valuable to Paul. It is just as valuable to-day to every British subject who thinks he has a grievance in one of the King's courts.

Now, when it becomes at least an academic question, if not a practical one, whether this Parliament or this Senate should do anything to limit or cut down that right of appeal, I desire to question, and to question strongly, the competence of any Canadian Parliament to do anything of the sort. Of course, no one would argue that a mere resolution of one House of Parliament would have any such effect. But my honourable friend, instead of moving this resolution, might have introduced, as he had a perfect right to do, a Bill to make judgments of the Supreme Court, when unanimous, final and conclusive, and to amend the section of the Act which I have read, by cutting out the concluding words, "saving any right which His Majesty may be graciously pleased to exercise by virtue of his royal prerogative." That would be a measure which in my opinion the Parliament of Canada has no power to enact.

My honourable friend referred at considerable length to the correspondence exchanged between Lord Carnarvon and Mr. Edward Blake when Mr. Blake was Minister of Justice. They were not dealing at all with the prerogative right. The statute they were discussing contained exactly those words, which were in the first Supreme Court Act and have remained there until this day. What they were discussing was the competency of the Canadian Parliament to legislate on the subject, and to pass an Act which should declare that, with that exception, there should be no right of appeal from the court. In this respect, as the honourable gentleman has pointed out, Mr. Blake won the day. Well, I do not know that it was any particular victory, or anything to exult about. There never was any doubt that the Parliament which created the court could by its legislation give a statutory right to appeal. If the Parliament creating any court chose to omit the giving of that statutory right, such a right would not exist. It does not exist to-day, and never has existed under our Supreme Court Act. The only thing accomplished in that correspondence was that the British authorities did not see fit to act under the power which the British North America Act gives them to disallow Canadian legislation. That power, by the way, still exists. It is said to be obsolete, never exercised; but it is there. And long may it stay there, for, so long as it is there, no one is in a position to say that Canada is an independent State free from the British Empire.

In my opinion—for what it may be worth—only the Parliament of Great Britain and the King's own assent to its legislation could destroy or cut down this prerogative right. Following the same thought, let me point out how appropriate it is that petitions should be referred by the King to the Privy Council at Westminster, and not to the Privy Council of any other part of the Empire. The only Privy Council in which the whole Empire is represented is the King's Privy Council in England. We have our own Canadian members of that Privy Council. Two of them are sitting in this Chamber, and there are three or four in the other House. These gentlemen are by their appointments representatives of Canada in the King's Imperial Privy Council. So it is with other dominions and colonies and portions of the Empire. No doubt, in majority the King's Privy Council is composed of men from the British Isles, but none the less it is an Imperial Privy Council, and the only Privy Council for the whole Empire. It is then the only appropriate body out of which to form a committee which shall advise the King in regard to petitions for appeals from colonial or dominion courts. The Judicial Committee of that Council is an Imperial body which represents the whole Empire. I have called attention to the presence in that committee of three Canadian representatives. In the same way there are representatives from other dominions, and such representatives can at any time, as occasion may arise, be increased in number, and the Privy Council, or the Judicial Committee, made all the more Imperial.

That committee, or that council, is no more English than it is Indian, Canadian or South African. It is literally a council for the whole Empire. It sits in London, but only because London is the most convenient place for it to sit. It might be situated, at any time, anywhere else in the Empire. London is the

place most like the centre or the heart of the Empire. Just in the same way that London is the place where, for the most part, the King himself has to be, so it is naturally and conveniently the place where his Judicial Committee of the Privy Council sits.

In contemplation of the law the Sovereign is everywhere throughout the Empire, especially in his courts of justice, and his high courts of Parliament. Sometimes people—I am glad my honourable friend is not one of them—attempt to throw a little bit of ridicule, and very cheap at that, upon the phrase "foot of the Throne." That is a figurative expression in some respects, but in this case it is literally true. Is it not literally and equally true in the case of this legislative Chamber? We use those very words in our Minutes. Every time His Excellency takes his seat in this Chamber it is "upon the Throne." If the Chief Justice comes as the representative of His Excellency, he takes his seat not "upon the Throne," but "at the foot of the Throne." So too our Speaker, when he enters this Chamber to convene a meeting of the Senate, bows formally and, I am sure, with absolute sincerity, not to the piece of furniture which is now behind him, but to the theoretical presence there, upon that Throne, of the King himself, or the King's representative in this country. The appeal to the foot of the Throne is, then, literally and exactly the appeal which, so far as I can do it, I want to prevent any interference with.

My honourable friend read several letters from legal gentlemen. I do not intend to follow him in any discussion of them. Those gentlemen are entitled to their own opinion. They do not influence mine. My opinion is directly the other way, and I intend to retain it, notwithstanding what those gentlemen have said. But there is one phrase in the letter from Mr. Campbell, which my honourable friend read, that I must make a remark about. The letter, which appears on page 473 of Hansard, says:

> If, in view of the British North America Act and of the statement that there may be a general court of Appeal for Canada there could be any argument that an appeal still lay to the foot of the Throne, it would seem to me to be a consequence that such appeal would lie to the King, to be referred by him not to the Judicial Committee, but to His Privy Council for Canada.

I agree—if Canada is not part of the Empire; if the King in his dominion over Canada is a separate legal entity from the King in his capacity as King of Great Britain and the other dominions beyond the seas. Then, of course, it would be logical that any petition to appeal from this Dominion of the King's should be referred to the Privy Council of this Dominion. But let me point out how exactly opposite the situation is.

Some publicists in advocating the modern idea of getting free from Imperial shackles have used the analogy of the relationship which existed for 125 years between Hanover and England, when the Elector of Hanover was at the same time King of England. He then had two legal relationships: one to his dominion of Hanover, and his Hanoverian subjects, and another to his dominions in Great Britain and overseas, and his British subjects. But there was no unity between those two relations. They were absolutely separate and distinct, each from the other. To illustrate how plain it is, think of the position of a Hanoverian who might have come to make his domicile in England. He was not a British subject before he came, he was not any more a British subject after he came, and he could not exercise in England the slightest right of a British subject unless he was naturalized. That is not quite the situation as regards Canada and England—at all events, not just yet; and because it is not, and because Canada is a part of the British Empire, and because our King is King of the whole Empire, the only appropriate place to which he can refer petitions for justice is to his Imperial Privy Council, and not to his Privy Council for any of his dominions.

Then my honourable friend cited the opinion of Lord Brougham. I do not know when that opinion was given. I am sorry we have not the date. As I read it in the Hansard report I wondered when it was. Lord Brougham was for three or four years Lord Chancellor of England, but the Government of which he was a member was dismissed by King William IV; and of course there was a good deal of noise made about it. However, that was the fact, and Lord Brougham was never afterwards a member of any government. It was Lord Brougham who introduced and had passed, and who, I suppose, had largely drafted, the statute of 1833 which remodelled the Judicial Committee of the Privy Council, and in virtue of which the procedure or method of hearing our Canadian appeals still goes on. But Lord Brougham had no voice in any appointments to that Judicial Committee after he ceased to be a member of King William's Government in, I think, 1834. He lived for thirty-four years more, and it is not surprising, perhaps, that he did not have the very best opinion of the gentlemen who constituted the Judicial Committee during those thirty-

four years. However, whether or not that is the case, I want to say merely this, that until about fifty or fifty-five years ago the Judicial Committee, in its composition, did not command the great respect and admiration which ever since it has commanded. I suppose it was considered by the British statesmen of that day as a matter of no very great consequence. But from the time of our Confederation, from 1867, and the moment important constitutional appeals began going from Canada to Great Britain, the structure of the Judicial Committee began to be changed, and from that time forward its composition has been kept up to full strength with the best judges and the best lawyers in England. They are the men who have been given places upon the Judicial Committee.

I have had my share, at least, of practical experience before that committee. Every year for some fifteen years I was before the committee. I do not know how many cases I was concerned in; I never tried to count them; but I would say that I know of no decision of that committee, in any case with which I am acquainted, that I could say had anything wrong in it from a legal point of view; and I know that up to the time when I ceased active practice in Canadian courts, now over thirty years ago, and came into office as Minister of Justice here, and for thirty or forty years before that time, there was no tribunal in the world in which Canadian lawyers generally had greater confidence. It is all very well for people to say that the decisions are sometimes influenced by considerations of a political character. I do not mean considerations of partisanship, but those of public policy. It is very easy to say that, but I should like to see some proof of it. While Mr. Bourassa was a member of the other House he said that more than once, but he never produced proof of any instance of it. If it is constitutional cases that are being referred to, cases concerning our Constitution or any other constitution, considerations of public policy ought to have weight. But I am not here to defend or to speak about the reputation or authority of the Judicial Committee. I should not do that if the Judicial Committee were one of the courts of this country. I am not going to make comparisons. I will only say that I have always found the Judicial Committee to be, as I believe it always has been, one of the very best courts of which I have ever had any knowledge.

If it would please my honourable friend or anybody else to have me say so, I am willing to admit this, in all truthfulness, that one of the strongest reasons why I want to see this right of appeal to the King's prerogative maintained is that I do consider it a link, a tie, between Canada, as part of the Empire, and the home land. It is one of those ties that are light as air, but strong as iron. I hope no one will ever do anything towards weakening them. And least of all should it be the part of this Chamber, one of the Houses of the Canadian Parliament, to pass a resolution such as this, instructing, or at any rate asking, the King to exercise no longer his royal prerogative in favour of his Canadian subjects.

Right Hon. Mr. MEIGHEN: Honourable members, I am too well aware of my inequality of rank in respect of knowledge of the law and of the character and functions of the great governing institutions of this Empire and this Dominion, to attempt further to expand on the subject which has been so very ably dealt with by the honourable senator from North York (Hon. Sir Allen Aylesworth). I rise only to attempt to express in a sentence or two my very keen appreciation of the manly, the commanding and the scholarly treatise he has delivered to us on a subject too little understood in this generation, which in matters of thought is more careless than the generation in which he shone so brightly. Rarely have I listened to a more virile, a more inspiring, a more masculine exhibition of intellectual talent than that to which he has treated the Senate this afternoon and evening.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I am sure that in respect of the cultural quality of his address, if not in respect of its conclusion—and with its conclusion I, for one, wholly agree—I represent the unanimous judgment of the Chamber when I tell my honourable friend he has given an impressive exhibition of those qualities which endeared him to his fellows of the last generation and which make him a revered figure in this; an exhibition which makes clear to us why it was that for so many years he held and adorned the leadership of the Bar of Canada.

Hon. Mr. DANDURAND: I rise with diffidence to add my tribute to the eulogy which has just been expressed by my right honourable friend who leads the other side. All I need say is that I associate myself with him whole-heartedly and fully in subscribing to his encomium.

Hon. Mr. CASGRAIN: Honourable senators, it is my right to close the debate. I should like to move the adjournment of the debate until there is a larger attendance; but I promise that I will not make a speech.

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

REORGANIZATION OF DEFENCE FORCES

MOTION FOR RETURN WITHDRAWN

On the order:

Resuming the adjourned debate on the motion by Hon. Mr. Griesbach:—

That an Order of the House do issue for a return of the plan, proposal or recommendation for the reorganization of the Defence Forces of Canada in general or the Canadian Militia in particular, which "is in process of being effected at the present time."

Hon. Mr. GRIESBACH: Honourable senators, with the consent of the honourable senator from Winnipeg—

Hon. Mr. McMEANS: Which senator from Winnipeg? There are two of us. I do not see why I should always be referred to as "the senator from Winnipeg." I am one of the senators from Winnipeg, but I had nothing to do with the subject under discussion.

Hon. Mr. GRIESBACH: With the consent of the honourable senator to whom my honourable friend refers (Hon. Mr. Haig)—

Hon. Mr. McMEANS: That will not do.

Hon. Mr. GRIESBACH: —I move that this Order be discharged and my motion withdrawn. The document which I asked for has been handed to me, without any restrictions whatever being imposed.

Hon. Mr. HAIG: Honourable senators, I am agreeable to the withdrawal of the motion.

The motion was withdrawn.

BRITISH NORTH AMERICA ACT— AUTHORITY TO AMEND

DISCUSSION CONCLUDED

The Senate resumed from yesterday the adjourned debate on the question proposed by Hon. Mr. Lynch-Staunton:

That he will draw the attention of the Senate to, and inquire of the Government, whether it is the intention of the Government to take steps to have legislation passed by the Imperial Parliament to the end that the Parliament of Canada shall have the authority to from time to time amend the British North America Act as it may deem proper.

Hon. RAOUL DANDURAND: Honourable senators, I have been awaiting for some time an opportunity to answer the question which was addressed to the Government by the honourable senator from Hamilton (Hon. Mr. Lynch-Staunton). I may say that a conference between the Dominion and the provinces was held in December last, when a number of questions were considered. Constitutional questions were referred to a sub-conference, presided over by the honourable Minister of Justice. From the report of that sub-conference I shall read some extracts:

After a general discussion on the subject it was considered generally by the members of the sub-conference that the principle which should be adopted as a basis on which such a method of procedure might be worked out should be that Canada, as in the case of all other self-governing dominions, should have the power to amend the Canadian Constitution, provided that a method of procedure therefor satisfactory to the Dominion Parliament and the provincial legislatures be devised and that the details of any such method would require to be worked out by experts before the sub-conference would be in a position to satisfactorily discuss the same. Accordingly a resolution was passed on a majority vote of nine to one (Mr. McNair, representative of the province of New Brunswick, cast the negative vote for the reason that he was unable to agree to the resolution in its entirety), reading as follows:—

This Conference, in the interests of the Dominion and of the provinces, is of the opinion:—

I will omit the first two conclusions.

(c) That the Minister of Justice convene at an early date a meeting of appropriate officials of the Dominion and of the provinces to prepare a draft of such method of procedure, to be submitted to a subsequent conference.

(d) That a conference be held at an early date after such draft has been prepared to consider such a method of procedure.

The report goes on to say:

In connection with paragraph (c) of the above resolution, the Minister of Justice intimated that he would convene a meeting of the appropriate officials at the earliest possible date.

Meetings were held accordingly in January and February last. Progress was made, and though all difficulties have not been solved, a great deal of useful preliminary work has been done, including the appointment of a sub-committee and its instruction to consider a number of technical questions. That is where the matter stands at present, but some further progress may be made by next session. The Government will formulate a policy only when the inquiry and study are terminated.

If I may speak of the various opinions expressed by a number of honourable members who have participated in this debate, I would say they disclosed two distinct currents of opinion: the one based on sentiment and fear and the other based exclusively on fear; the one imperialistic and the other provincial. At the outset I declare that I am not subject to either of these currents of opinion. Though I esteem and respect the opinions of the Imperialists, I am not an Imperialist; and I must also declare that I am not a provincialist. I am neither a French-Canadian nor

a British-Canadian, but purely and simply a Canadian. It is nearly three hundred years since my ancestors came to this country. At the time of the Treaty of Paris, in 1763, and long before that, French settlers in this country called themselves and were referred to by the French simply as Canadians. And for more than one hundred years after that period, new-comers from the British Isles, more especially the English and Scotch, so referred to the French-speaking settlers in the province of Quebec. That practice was continued until the English-speaking people had been long enough in the country to have become themselves real Canadians. Then, and then only, for purposes of distinction, the Canadians of French origin were referred to by their English-speaking fellow countrymen as French-Canadians. For many years during the earlier part of my life my English-speaking friends, when referring to my French-speaking friends, would say "you Canadians." I do object to being hyphenated against my will. I emphasize my status for the benefit of the younger generation of Canadians of French descent, who do not know very much of their history.

I have a profound respect for the Imperial sentiments of my colleagues who have participated in this debate. They express filial sentiments based on legitimate pride. The honourable gentleman from Hamilton (Hon. Mr. Lynch-Staunton), who initiated this debate, expressed the fear that he would lose his title of British subject if the power of amending the British North America Act were transferred from London to Ottawa. I have been wondering why he should entertain that fear while we remain under the same Crown. The doctrine now under consideration is not new. All the other Dominions have the power to amend their own Constitution, a power which they obtained from the British Parliament. The Australian confederation has been in existence for thirty-six years. Is the Australian not as good a British subject to-day as he was before 1900? A similar question applies to the New Zealander. Since 1867, when we obtained our Constitution, and since 1900, when Australia became the Commonwealth of Australia, we one and all form part of the Commonwealth of British Nations.

My old and esteemed friend (Hon. Sir Allen Aylesworth), whom we have just heard with such delight, prefers the expression "Empire." So does the honourable gentleman from Hamilton. I feel the Dominions have outgrown a status which bespeaks dependency.

We had under this roof in 1928 the Secretary of State for Foreign Affairs in the British Cabinet, Sir Austen Chamberlain. At a dinner attended by all the Privy Councillors of Canada who were within reach, he expressed a decided opinion on this question of the Commonwealth of Nations. Sir George Foster had said he did not like the substitution of the phrase "Commonwealth of Nations" for that of "British Empire." Sir Austen when he rose expressed his desire to break a lance with his old friend Sir George Foster. He said:

> I do not undervalue the word "Empire." It is the greatest experiment in government the world has ever seen. It is something of a miracle, and requires almost a miracle of common sense, of goodwill and judgment to continue. But I like the term "Commonwealth of Nations," because it means that each is at liberty to pursue his common interest for the common weal. The daily interests of each part are but a fraction of those for which the commonwealth exists, and by which it is justified. The Commonwealth of Nations bespeaks equality and is based on freedom. I rejoice in the increasing part that is being taken by the Dominion in world affairs.

This was the opinion of a representative of the British Government who has played a prominent role in European affairs as the head of the most important department of the British Government, the Foreign Office.

At Geneva Great Britain appears under the title "British Empire," but the Dominions' representatives are there representing their various countries, which are quite as autonomous and independent as Great Britain herself. At a meeting of one of the committees Sir Cecil Hearst, discussing a question then before it, gave the opinion of the British Empire. He was called to task for speaking for the whole Empire. He immediately rose and excused himself for using that term, "which manifestly cannot," he said, "include the Dominions, since they are here among us speaking for themselves. Yet there is still an Empire with a variety of dependencies running towards the infinitesimal like the tail of a kite."

I am firmly convinced that equality among the British nations forming the Commonwealth, far from leading to independence, as my honourable friend from Hamilton feared, will, as far as human beings may foresee, mean permanency of the whole fabric of the Commonwealth of Nations. Equality in the realm eliminates all possibility of friction and misunderstanding, and it leaves intact the sentimental tie. In the Dominions, and in Canada more especially, the aspiration to equality has been constant and inevitable, because natural. We all remember the story of how King Canute, desirous of showing his courtiers and flatterers that his powers were limited, drew a line on the sands and commanded the sea to come no farther. It seems to me that to try to prevent a movement which has

gone on from year to year in favour of greater and still greater autonomy of the Dominions would surely be as vain as an attempt to control the incoming tide. Ever since we had our first legislature, in 1791, our every step has been in the direction of equality, then within the Empire, now within the Commonwealth of Nations. Canada never faltered. On another occasion, speaking of the desire for equality, I said that we all wished to remain subjects of the King, but we wanted to be free from subjection to another group of subjects of the King.

Instinctively Canada has moved towards national manhood. To-day Canada is a nation. One may be proud of calling oneself a British subject, but that does not indicate one's nationality. Every citizen of Canada, whether at home or abroad, answers the query as to his nationality by saying, "I am a Canadian." When abroad I should never think of saying, "I am a French-Canadian," or "an Anglo-Canadian." The first answer any of us would give would be simply, "I am a Canadian."

My honourable friend from North York (Hon. Sir Allen Aylesworth) has said that if the Balfour resolution of 1926, declaring the equality of the Dominions with Great Britain, had been passed by the British Parliament it would have been tantamount to a declaration of independence. Yet the British Parliament, by the Statute of Westminster, acted upon and implemented that resolution. What does the Statute of Westminster say? Let me quote it:

> Whereas the delegates of His Majesty's Governments in the United Kingdom, the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State and Newfoundland, at Imperial Conferences holden at Westminster in the years of our Lord nineteen hundred and twenty-six and nineteen hundred and thirty did concur in making the declarations and resolutions set forth in the Reports of the said Conferences:
>
> And whereas it is in accord with the established constitutional position that no law hereafter made by the Parliament of the United Kingdom shall extend to any of the said Dominions as part of the law of that Dominion otherwise than at the request and with the consent of that Dominion:
>
> No Act of the Parliament of the United Kingdom passed after the commencement of this Act shall extend, or be deemed to extend, to a Dominion as part of the law of that Dominion, unless it is expressly declared in that Act that that Dominion has requested, and consented to, the enactment thereof.

The honourable gentleman thinks the embodiment of the Balfour resolution in a statute would have been tantamount to a declaration of independence. I would go further and say it would have been a real declaration of independence, declaring us independent of the electors of the British Isles, as represented by their Parliament, but not independent of the Crown. No longer are we the dependents of a group of electors in the British Isles. In no way are the members of the Commonwealth of Nations subordinate one to another.

My honourable friend from North York says, "But it is no more humiliating to me to be subordinate than it is to be the subject of the King." Here, to my mind, there is a misunderstanding between my honourable friend and myself. I have no objection to the formula "subject of the King," which no longer implies subjection to the British Parliament; but I repeat my objection to our being subordinated to another group of His Majesty's subjects.

Sir Wilfrid Laurier, in 1908, when celebrating the third centenary of the founding of Quebec by Champlain, said in a speech delivered in the presence of the then Prince of Wales, the late George V, that the day would soon come—and he paused—"The day has come," he said, "when the Parliament of Canada is the equal of the Parliament of Great Britain and recognizes but one supreme link, the Crown, to which we are for ever bound."

In 1867 John A. Macdonald suggested that Canada should be not the Dominion, but the Kingdom of Canada. What would that title imply if not that from the moment of its adoption we should be the direct Canadian subjects of the King? That is what I feel I am—a Canadian subject of the King.

My right honourable friend who leads the other side of the House (Right Hon. Mr. Meighen), in 1919, put into the Immigration Act a definition of Canadian citizenship. Under that Act power was given to the Canadian Government to return to the British Isles any undesirable British subject coming from those shores.

I will not discuss the many steps that have been taken by the Canadian Parliament towards establishing greater and greater autonomy of the Dominion of Canada in the Commonwealth of Nations; and when I say "by the Canadian Parliament" I refer to Parliament headed alternately by each party in the House of Commons. At every step towards obtaining a greater sum of autonomy the same fears were expressed that we have heard voiced in this Chamber. It was always felt by someone that we were weakening the tie that held us to the British Crown. I remember the introduction in the House of Commons in 1920, by Sir Robert Borden, of the legislation which authorized the Canadian Government to appoint a

Canadian delegate to Washington. The discussion was very interesting. During that debate fears were expressed that we were weakening the tie and creating a division in British representation abroad. I can still hear the expressions that fell from the lips of some of the members of the House at that time. It was interesting to me to read the closing remarks made by my right honourable friend (Right Hon. Mr. Meighen) when Sir Robert Borden, who had conducted the whole of the negotiations with the United States and with London, moved that resolution. My right honourable friend said:

> Well, when I hear the fears expressed of the weakening of the tie with Great Britain, my heart and sentiments are inclined towards the critics of this new policy; but when I appeal to my reason and look at the necessity for a direct representation of Canada at Washington, my reason inclines me to this resolution.

When Sir Robert Borden succeeded in persuading the Allies, who were drafting the Treaty of Peace, that in constituting its council the League of Nations should not debar the Dominions, there were those who dreaded the thought of Canada's representative sitting at the council table as an equal with the representative of Great Britain. And Sir George Foster, who was in the Canadian delegation, feared that forward step. Yet for three years Canada sat in the council of the League of Nations and enjoyed the same authority and the same freedom of action as the other thirteen members of the council, and at the same time one of the leading men of Great Britain represented what was then known as, and still is called in Geneva, the British Empire.

In 1923 the Minister of Marine and Fisheries, the Hon. Mr. Lapointe, negotiated a treaty with the United States concerning halibut fishing in Pacific waters. I mention this incident so that everyone may understand the reason for Canada playing its role as an autonomous nation in matters that concern her exclusively. The Canadian Government, by Order in Council, asked credentials from His Majesty the King to enable the Canadian Minister of Marine and Fisheries to sign the treaty on behalf of His Majesty. Chief Justice Hughes was then Secretary of State for the United States. The Order in Council was sent to London, and Sir Auckland Geddes, British Ambassador at Washington, intervened with a request to have his name appear as the first signatory. This request was referred by the Imperial Government to Ottawa, and the then Prime Minister, as Minister of External Affairs, answered that the signature of the Canadian Minister would suffice. Downing Street officials were manifestly displeased. A few months later, in November of the same year, an Imperial Conference in London discussed the negotiation, signature and ratification of treaties by the various nations forming the Commonwealth of Nations. That conference approved of the attitude taken by the Canadian Government, and agreed upon certain terms as to the signature of a treaty. I cite a report of the Imperial Conference of 1923—a summary of proceedings. Among the conclusions of that conference, under the title "Signature," one reads the following:

> Bilateral treaties imposing obligations upon one part of the Empire only should be signed by a representative of the Government of that part. The full power issued to such representative should indicate the part of the Empire in respect of which the obligations are to be undertaken, and the preamble and text of the treaty should be so worded as to make its scope clear.

At that time Sir Auckland Geddes, the British Ambassador at Washington, represented all the nations forming the British Commonwealth, and especially Canada. I wonder what his attitude would have been if the British Government had asked His Majesty the King to accredit a British Cabinet Minister to sign a British-American treaty. Would he have protested that his name should be included ahead of that of the British Minister? He was our ambassador and representative, and because of the superiority complex of British officialdom he intervened to have his name placed over that of the Canadian Minister. In his mind Canadian Ministers were "second-zone Britishers."

That is a state of mind which no Canadian Government would tolerate, and it explains why it is that Canada has aspired to equality of status with the other Dominions and Great Britain in administering its own national affairs. It justifies the statement made in 1908 by Sir Wilfrid Laurier that the time had come for the Parliament of Canada to be equal to the British Parliament and no longer subordinate in the administration of its own affairs, domestic and external. I was present when that declaration was made, and observed that the one who applauded it with the most apparent enthusiasm was the then Prince of Wales, who later became King George V.

My honourable friend from North York (Hon. Sir Allen Aylesworth) has said that we are still a dependent state, and by way of proof he has cited the fact that the British Parliament retains the right to veto our legislation and the power to amend our Constitution. But I wish to declare that the status which we have obtained and at present

enjoy cannot be restricted. The clock cannot be turned backward. What a cataclysm would result from our obtaining the right to amend own Constitution! Yet all the other Dominions have such a right and enjoy it, under the same Crown.

On this question I should like to cite the opinion of Dr. Skelton, as stated last session before the special committee of the House of Commons on the British North America Act. He said:

Should the Parliament of the United Kingdom be retained as the instrument for effecting amendments? I cannot see any reason for such a solution. No other country in the world looks to the parliament of another country for the shaping of its Constitution. This solution could only be supported if we believed that Canadians are the only people so incompetent that they cannot work out a solution of their constitutional problem, and so biased that they alone among the peoples of the world cannot be trusted to deal fairly with the various domestic interests concerned. To retain permanently the intervention of the Parliament of the United Kingdom is either superfluous or dangerous. If that Parliament is to act automatically, its intervention is superfluous; if it is to exercise its own discretion, its intervention is fraught with danger to continued good relations between Canada and the Mother Country. It would be unfair to the United Kingdom to ask it to intervene in our local differences, and it is a task this Parliament would not desire to exercise. It will of course be necessary, once we in Canada have reached as wide a measure of agreement as is possible on the method we desire to use in the future, to go to the British Parliament and ask it to act once and for all, but that is a very different thing from asking it to exercise indefinitely this anomalous and outgrown task.

It might be argued that as opinion and events are now in rapid flux, it would be wiser to postpone deciding upon a method of amendment, postpone asking the British Parliament to exercise its final intervention, exhaust its power of constitution-making for us, lest any method decided upon now should in thirty years prove to have been inadequate or unduly rigid. There is some force in that contention, but it is not conclusive. It is not safe to leave the question open and ambiguous indefinitely; for at any time a dispute on a concrete issue may arise, embarrassing for the British Parliament and a hindrance to a calm solution of the general problem of amendment procedure. No other country has postponed seeking a solution of to-day's problems out of fear that to-morrow's may require a different approach. The certainty of political and economic change in the generation ahead of us is not an argument for failing to provide ourselves with the machinery to bring our system of government into line with changing facts; it is an argument for making the method of amendment adopted a flexible and feasible rather than a rigid one.

Now I come to deal with the fear of the provincialists—or, perhaps I should say, of those who represent the large minority, which is resident in my own province of Quebec. Some of these representatives have declared in this debate that the rights of the minority are more securely protected at London than at Ottawa. My good friend the honourable senator from North York (Hon. Sir Allen Aylesworth) has supported that view. I desire to differ with it and to oppose it.

All of us in this Chamber recognize that the British North America Act is the result of an agreement. Quebec would not have consented to legislative union. Her language, her schools, her civil and religious institutions had to be protected.

Hon. Mr. SAUVE: Hear, hear.

Hon. Mr. DANDURAND: And she felt that they could be best protected under the federation system, which would leave her cherished rights and privileges under the control of her own legislature. She still wants to protect her language, her schools and her civil and religious institutions.

Some honourable members have expressed the opinion that any resolution passed by both Chambers of this Parliament assailing these rights and privileges would not be acted upon by the British Parliament. What assurance have my honourable friends for their confidence? I ask them to ponder over the question. It is admitted that the British North America Act imposes no obligation upon the Canadian Parliament to consult the legislatures with respect to any matter affecting the rights of the provinces. Can my honourable friends feel sure as to what would happen in the distant future, with the British North America Act as it now is, if our Parliament, without consulting the legislatures, were swayed by an irresistible movement from outside to favour a constitutional amendment affecting the rights of the provinces? I fear there is danger that in such circumstances the British Parliament would bow to a strongly expressed demand of this Parliament. I am thinking of what might possibly happen in the years to come—in a period which I shall not live to see—when our population may no longer be distributed throughout the nine provinces in the same proportions as it is to-day. But I suggest that if the British North America Act were amended to impose a clear obligation on our Parliament to procure the consent of all the legislatures before attempting any change with respect to well-defined matters affecting the provinces, the protection of the provinces would then be absolute.

I have heard this question asked. Suppose Canada were given the power to amend its own Constitution—in which event the Dominion would of course have imposed

upon it the obligation I have suggested. What would happen if over an important matter affecting provincial rights there developed a determination to assert the supremacy of Parliament and its power to legislate in defiance of the text of the Constitution? My answer is that I cannot admit such a hypothesis; I cannot conceive of such a possibility. The honourable gentleman from North York has suggested that should such an emergency occur the Senate may no longer be in existence to resist the will of a temporarily excited majority. I say that while the British North America Act continues in its present condition and the British Parliament retains the power to amend, there is no safeguard. If the power of amendment rested solely with Canada, and the Dominion Parliament violated the Constitution—a hypothesis that, I repeat, I cannot admit—an appeal would lie to the courts.

But those who oppose giving Canada the right to amend its own Constitution say, "Suppose the courts failed us!" Well, I reply, there would then remain to us our own manhood. We should be in the same position as are Switzerland and Belgium, two countries having minorities in their population.

I believe that those fears which some honourable gentlemen harbour are vain. My honourable friend from Montarville (Hon. Mr. Beaubien) expressed surprise at a body of intellectuals of high standing claiming that the Confederation pact is not based on a binding agreement; that there is indeed no contract. He fears that that view may develop, more especially with new-comers in the newly-formed provinces. I draw his attention to the fact that at the present time throughout Canada the dominant sentiment is that that agreement should be respected. I would ask my honourable friends who have spoken on this matter if they are disposed to let the present occasion pass. That sentiment can be crystallized into an amendment of the Constitution which would clearly respect the agreement entered into by the provinces. Can they not visualize a situation in which a future Parliament may be disposed to repudiate that agreement? At the present time, if all the legislatures were to agree to certain amendments, my friends from Quebec would have nothing to say. They admit that to-day the Canadian Parliament, with the full and complete support of all the legislatures, could propose an Address to the British Parliament asking for the transference from London to Ottawa of the right to amend the Constitution. The legislatures would see in the amendments proposed an absolute recognition of their rights and an obligation upon the Canadian Parliament to consult them on certain matters of vital interest to each and every legislature.

To-day, I repeat, there is no written agreement. Moreover, there is no agreement between the provinces and the Dominion as to amendments which would need unanimity of consent. When this matter is discussed at a conference of the provinces and the Dominion a division of powers will have to be made. Matters concerning the domestic administration of the Parliament of Canada interest exclusively the Dominion. A distinction will have to be made between amendments dealing with minor questions affecting the provinces, with respect to which perhaps it might be advisable that consent of a majority of the legislatures should prevail, and amendments dealing with major questions affecting the privileges and rights of minorities, with respect to which it is vital that all the provinces should give consent. To-day there is no agreement as to what the Parliament of Canada may do without consulting the provinces, what it may do after consulting a majority of the provinces, and what it shall do in questions affecting the privileges and rights of minorities. If the obligation of consulting the provinces on matters affecting their rights and privileges were introduced into the Constitution, I ask, would not that be a much stronger safeguard for the provinces than the present situation?

On this score I would ask my friends from Quebec to reflect. If in the course of time this Dominion became independent, would not the minority, in the province of Quebec, have to rely on itself to safeguard its own rights and privileges in a country endowed with the sovereign power of making laws for the whole Dominion? I say to the younger generation of French-speaking Canadians, now dissatisfied with their lot, more especially in the economic field, that they can by superior training and higher culture qualify for an important role in the Canadian Confederation. They will thus form part of the élite which will mould the destiny of this country. They must resolutely apply themselves to the task. The leaders who have preceded them have not had their opportunities for higher study and culture. The men of to-day and of to-morrow should be better equipped. If they have superior culture, character and moral stamina, with unity of purpose to serve their country, they will command the respect of their associates for themselves and for the rights and privileges they so deeply cherish. To those young men, to that coming generation, I

declare that I have no hesitation whatsoever in placing under their guardianship these rights and privileges.

PRINTING OF PARLIAMENT

REPORT OF JOINT COMMITTEE

Hon. JOHN T. HAIG moved concurrence in the first report of the Joint Committee of both Houses on the Printing of Parliament.

He said: I am speaking on behalf of the honourable senator from Inkerman (Hon. Smeaton White), chairman of the committee, who is unable to be present. The committee agreed unanimously that none of the records set out in the report should be printed. They are being kept on file by the Clerk, and if any honourable members wish at any time to obtain copies they may do so, with the exception of some of the longer documents, which it would not be practicable to reprint. I move adoption of the report.

Hon. Mr. DANDURAND: I have not had occasion to read the report. I remember that last year the honourable senator from Parkdale (Hon. Mr. Murdock) thought we should not adopt the report as it came from the committee without giving it careful consideration. It was for that reason I moved yesterday that the report be taken into consideration to-day.

The motion was agreed to.

WAR VETERANS' ALLOWANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 27, an Act to amend the War Veterans' Allowance Act.

The Bill was read the first time.

SECOND READING

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

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

CANADIAN NATIONAL RAILWAY BRANCH LINE BILL

FIRST READING

A message was received from the House of Commons with Bill 90, an Act respecting the Construction of a Canadian National Railway Line from Senneterre to Rouyn, in the Province of Quebec.

The Bill was read the first time.

SECOND READING

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

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

BUSINESS OF THE SENATE

Hon. Mr. BALLANTYNE: Would the honourable the leader inform the House whether we shall be sitting on Tuesday next, the King's birthday?

Hon. Mr. DANDURAND: I may be in a position to give an answer to the question to-morrow afternoon. I have heard that the Bank of Canada Bill is coming our way; so it may be possible to take it up to-morrow.

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

THE SENATE

Friday, June 19, 1936.

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

Prayers and routine proceedings.

CANADIAN NATIONAL RAILWAY BRANCH LINE BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 90, an Act respecting the Construction of a Canadian National Railway Line from Senneterre to Rouyn, in the Province of Quebec.

He said: Honourable members, there is one thought that I want to suggest to this Chamber and at the same time to the authorities of the Canadian National Railways; a thought that I mentioned in the Railway Committee. It is expected that some four or five million dollars will be spent in the building of this line. Now, railway construction is a class of work that requires the labour of a considerable number of men. My suggestion is that in view of the fact that there are still tens of thousands of men on the unemployed list, and that the country is bearing a tremendous burden in relief expenditures, a determined effort should be made to give work to as many of these men as possible. I fear that if the authorities fail to make their plans from the very outset with this end in view, when this grading of sixty-five miles, or whatever it is—

Hon. Mr. GORDON: Ninety-nine miles.

Hon. Mr. DANDURAND: —is undertaken, sons of neighbouring farmers will flock to the construction camp to take advantage of the need for men. I have been told that if a contractor were obliged to select his labour from among the forty odd thousand unemployed in the city of Montreal his tender would perhaps have to be at a higher figure

than if he were free to take any help that offered. I believe that by establishing special employment bureaus in Montreal as good men could be found among the army of unemployed there as would be available in the neighbourhood of the proposed line. I would direct the attention of the Canadian National Railways authorities to this feature, that if we are to spend about six million dollars in building this branch railway, some of the expenditure should provide employment for the class of labour to which I have referred, and so help to lighten the load which now bears so heavily on the shoulders of the taxpayers of this country.

Hon. JAMES MURDOCK: Honourable senators, I understood the President of the Canadian National Railways indicated before the committee this morning that in the first place he was prepared to let a contract for the grading of the ninety-nine miles, and when this work had been done he would utilize laid-off Canadian National employees, presumably from all over Canada, who are experienced in track laying and maintenance. I do not think we should specialize as to any one class of labour. I imagine there are several thousands of section men at different Canadian National Railway points all over the Dominion who would be glad to go up into that country and help lay down the track.

Hon. Mr. DANDURAND: I may remind my honourable friend that I was referring to the contract for grading.

Hon. Mr. MURDOCK: That work, I imagine, would have to be left largely with the contractors. Personally I am interested in getting some remunerative work for the laid-off railroad men who have been out of work for a number of years and are eager to secure employment.

Hon. Mr. GORDON: My honourable friend the leader of the Government is referring to a class of unskilled workmen, while the honourable senator from Parkdale (Hon. Mr. Murdock) is dealing with another class of labour entirely—men skilled in track laying and maintenance.

Hon. Mr. MURDOCK: Yes. My honourable friend will realize that men experienced in blasting and grading in rock cuts cannot be picked up off the streets of Montreal, Toronto and other cities. Presumably the contractors will know where to get that specialized labour at a remunerative profit to themselves.

Hon. Mr. GORDON: But the manual labourers required for grading the road are men who can handle pick and shovel.

Hon. Mr. CASGRAIN: The honourable senator is quite right. I know that country well as a surveyor. It is the easiest country in the world for railway construction. There is no rock to blast and cut through.

Hon. Mr. ARTHURS: If that is correct, why should the cost be $60,000 a mile?

Hon. Mr. CASGRAIN: It should not be.

Hon. Mr. MURDOCK: How can it be such easy construction when the local gold mines are down in solid rock?

Right Hon. Mr. MEIGHEN: They are down well below the surface.

Hon. Mr. CANTLEY: Honourable senators, I am entirely opposed to the proposal of the honourable leader of the Government. Labour enters to but a very small extent into the cost of the road. The bridges, culverts, masonry work, sleepers, rails and all that contributes to the completion of the road will represent 90 per cent of the cost.

Hon. Mr. KING: That is all labour.

Hon. Mr. CANTLEY: It is not all labour.

Hon. Mr. KING: Labour and material.

Hon. Mr. CANTLEY: It is not necessary at all to make this expenditure to-day. The public have already access to that section of the country. Other sections of the Dominion are being neglected as far as railway construction is concerned. My honourable friend from Guysborough (Hon. Mr. Duff) is familiar with the road that was started some few years ago—

Hon. Mr. GORDON: From Guysborough to Sunny Brae?

Hon. Mr. CANTLEY: Yes. That road is graded, all the masonry is completed and rails have been laid for about one-half the distance between the two points. On this part of the line a considerable quantity of lumber has been brought out during the last three years. If that road were extended to the Strait of Canso it would save the Railway Department a very large amount of money. The section from New Glasgow to the Strait of Canso, eighty miles, is the worst piece of road in the whole Dominion.

Hon. Mr. GRIESBACH: You are wrong there.

Hon. Mr. CANTLEY: I am not wrong. I have been over all Canadian roads of any importance.

Hon. Mr. GRIESBACH: We have the worst piece of railway in Canada.

Hon. Mr. CANTLEY: We leave New Glasgow, eighteen feet above tidewater; in four miles we climb over Fraser's Mountain, four hundred feet high; in another two miles we are down again to tidewater. In fact we are up and down like the teeth of a crosscut saw until we get within a few miles of Mulgrave, where we are five hundred feet above sea level. In building to Guysborough an annual saving would be effected of more than enough to pay interest on the money expended to complete the road. Those are facts; and facts are chiels that winna ding. What I have stated cannot be controverted. I object strongly to building roads where roads are not necessary at the present time, and leaving other sections of the country neglected where a road can be built with advantage not only to the community, but to Canada as a whole.

Hon. Mr. GRIESBACH: I sympathize with the honourable gentleman who leads the House, coming from Montreal as he does, where there is a large number of people unemployed. I do not imagine anything we say in this discussion will have any marked effect, but to the extent that the management of the railway may read our views—

Right Hon. Mr. MEIGHEN: No chance at all.

Right Hon. Mr. GRAHAM: He would not be busy if he could do that.

Hon. Mr. GRIESBACH: I should like to express the hope that the railway management will do what is proper and construct the road in the national interest.

Hon. Mr. GORDON: I am unalterably opposed to the construction of a single branch line which will not be a profitable feeder to the National Railways. We all know that between Quebec and Cochrane the railroad is not being fed with freight. I know something about the territory through which this proposed road will be constructed, and I believe it should be constructed, because it will bring very large traffic to the main line. I regret that the road may cost as much as $60,000 a mile. This morning I moved an amendment, which was defeated, that in place of the estimate being $60,000 a mile, it should be placed at $40,000. If the road were built at that cost we should save $2,000,000, and that is worth saving.

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

WAR VETERANS' ALLOWANCE BILL

THIRD READING

Bill 27, an Act to amend the War Veterans' Allowance Act.—Hon. Mr. King.

TRANS-CANADA ROUTE—MONTREAL-OTTAWA SECTION

INQUIRY

On the notice of inquiry by Hon. Mr. Sauvé:

That he will ask of the Government:

1. Has the right of way of the interprovincial or Trans-Canada route between Montreal and Ottawa been modified since fixed to go across the counties of Jacques Cartier, Laval-Two Mountains and part of Argenteuil until reaching Perley Bridge at Grenville, P.Q.; if so, for what reason?

2. Were the works for that road commenced between Grenville and Lachute; if so, what was the amount spent?

Hon. Mr. DANDURAND: Stand.

Hon. Mr. SAUVE: When will the honourable gentleman have an answer?

Hon. Mr. DANDURAND: Perhaps to-morrow.

Hon. Mr. SAUVE: Or next year? May I expect an answer to my question during the present session, or must I wait until next year?

Hon. Mr. DANDURAND: My honourable friend was perhaps a little late in putting his question. However, as it should be answered easily, I shall try to obtain the information for him to-morrow.

SITTINGS OF THE SENATE

On the Orders of the Day:

Hon. Mr. BALLANTYNE: Before the Orders of the Day are called, may I ask the honourable the leader of the Government if he has any idea when prorogation will take place, or whether, if it is not reached this week, we shall be sitting on Tuesday next, the King's birthday?

Hon. Mr. DANDURAND: I am informed that a noble effort is being made to end the labours of Parliament by to-morrow afternoon or to-morrow evening. If circumstances are adverse, we shall sit on Monday; and if the work is not completed by Monday evening, as everybody hopes it will be, we shall sit on Tuesday, and from then on until we reach prorogation. I may say that Parliament has frequently sat on holidays.

CANADIAN NATIONAL-CANADIAN PACIFIC BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 21, an Act to amend the Canadian National-Canadian Pacific Act, 1933.

Hon. Mr. BALLANTYNE: Honourable members, I am sorry that my leader is not in the House at the moment. I have just sent a messenger for him. I know he wishes to speak.

Hon. L. McMEANS: Honourable senators, at this late date in the session I do not intend to enter into any extended discussion of this Bill, but I desire to place on record my reasons for voting in favour of it.

Some eleven or twelve years ago a special committee of this House was appointed to inquire into the situation of the Canadian National Railways. The honourable the leader of the Government took a very active part in the work of that committee, which, I think, secured the most valuable evidence ever secured by any committee of the Senate. There appeared voluntarily before that committee gentlemen who stood at the heads of the railways of the United States and who gave the committee the benefit of their judgment and opinion with regard to the railway situation in Canada. They asked, because of the high positions they occupied with the railways of the United States, that their evidence should not be published or quoted. As the honourable leader of the Government will recollect, the effect of their evidence was this: that the railway situation in Canada at that time was nothing more nor less than a tragedy. They took into consideration the mileage of the railways, the population of the country, and every other factor that an expert would consider, and, after having done that, they informed the committee that the Canadian National Railways would never pay.

The committee made a report, of which the honourable the leader of the Government is fully aware. The Hon. Mr. Béique, who at that time was a director of the Canadian Pacific Railway, made a speech upon it. He said that while he was very proud of the position he occupied, he would rather sacrifice it than continue to allow the Canadian National Railway System to be run upon the old lines any longer. The committee in its report made several recommendations, and, with all due respect to the leader of the Government, I would say that it was his duty to carry those recommendations to the Government of which he was at that time a member. What happened? Apparently the Government paid no attention to the recommendations, but entered upon an orgy of expenditure and extravagance never equalled in the history of any other organization. It started at Paris, France, and swept across the sea and over this land to the Pacific—an orgy of hotels, ships, huge salaries; extravagances that made the Canadian National Railways a tragedy for the people of Canada.

What occurred when the Government that was responsible for this state of affairs, and knew of it, went out of power? The succeeding Government said, "We must give this matter some attention." The Duff Commission, appointed by the Government, made a thorough investigation and presented a report which merited the greatest consideration, and with which no fault could be found. Immediately afterwards the Government started to put into operation the system recommended in the report. That system was in effect only a very short time.

What is the situation now? The Government has changed and there has arisen in Israel a new prophet, who is going to remedy everything. He starts out by demanding the resignation of the Chairman of the Board. No reason is given for the demand, and, so far as the evidence presented before the committee of this House is concerned, if there ever was any reason it has not been substantiated. We are going to return to the system of political patronage which prevailed before the Duff Report was submitted, and again the railway system is to become subservient to the Government which made such a dismal failure of it before.

Now, what am I going to do as a member of this House? I do not believe in what is proposed by this Bill. But I owe a duty to the country, and I realize that if the Bill is not passed the road will be in a state of chaos. Certain influences have been at work to ruin the reputation of the Chairman of the Board. He could not do anything now, even if the Bill were to be rejected. The morale of the railroad has been destroyed, and all the time and energy which the Chairman has given to the road, and all the knowledge he has gained during his two or three years of office, are lost. My position is simply this. I vote for this Bill under protest. I think it is a disastrous Bill; one that will enure to the disadvantage of Canada. I might say that the dose which has been prepared is more fatal than the disease itself. However, I am in the position of having to shut my eyes and open my mouth and take what is offered to me, for fear that if I do not a worse condition will ensue. For these reasons, I shall vote for the Bill, but shall do so under protest.

Hon. JAMES MURDOCK: Honourable senators, the Canadian National Railways is, I think, the largest singly owned and operated system of railways in the world, and without disagreeing in any general respect with the views expressed by the honourable senator from Winnipeg (Hon. Mr. McMeans), I think we must remember first, last, and all the time, whether we like it or not, no matter how the Canadian National Railways came into our lap, that in it we have something that has to be properly operated if the burden of debt resting upon the necks of Canadians is to be reasonably reduced.

A great many honest, well-meaning and distinguished gentlemen in this country have argued, and no doubt will continue to argue, because they believe it to be true, that Canada's only way out of her railway problem is amalgamation and co-ordination under private management. As to that proposal I will say just this. There are no operating officers of any railway system in this country, or anywhere else in the world, who are willing to play Santa Claus to Canada to the extent of taking over the Canadian National Railways, including the burden of debt. Even if we to-day passed the operation of the Canadian National Railways over to a private concern, should we not be left holding in our lap the enormous burden of bonded indebtedness that has come down to us since the days of Confederation in connection with government owned and operated railroads? The taxation burden would be, I think, very little less, because we as Canadians are not going to agree to any repudiation; we are not going to pass the operation of our railways over to other hands and then say that we are out of the railway game and therefore have nothing to do with making good on the bonds that have been issued by component parts of the Canadian National Railways in years gone by. Anyone who talks about lessening the load that the Canadian taxpayers are shouldering has really something to talk about. But take paper and pencil and figure out just how much could be done about the bonded indebtedness that is ours now, and will be ours for some years to come, whether or not we are in the business of operating the largest single railroad system in the world.

But it is about another matter I wish particularly to speak this afternoon. It is closely related to the Canadian National Railways. For the last few years we have had a most serious business depression in this Canada of ours. Never mind how it came to us. On that point we differ. Each of us could argue one way or another, but our claims and contentions would not convince the fellow who holds opposite views. The one thing upon which we are all agreed, though, is that we have been going through the worst business depression that Canada has ever seen. In recent years there have been, as there still are, thousands and tens of thousands of unemployed Canadians, men and women unable to secure work. A year ago a number of social legislation measures were passed by this House and in another place. Regardless of their origin, some of us looked upon them with a degree of hope and encouragement, for we thought that at least some of them would result in tangible relief for part of our army of unemployed. We hoped and believed that the measure providing one day's rest in seven, for example, might help to distribute employment a little more evenly, a number of us being aware that not a few Canadians were working seven days a week while so many of their fellow citizens were unemployed. We looked for benefits, too, from the application of the principle of the eight-hour day, thinking one result would be the placing back in service of many men who had spent long years in a given calling—yes, the railway calling—and who had lost their jobs because of the depression. But within the last day or so we have learned that the hopes entertained by some of us a year ago will not, for the moment at least, be fulfilled. When I say "for the moment" I mean to indicate a period of weeks and months. A very distinguished gentleman, in whose opinion I have great confidence, intimated to me that some of these measures would probably be referred to the Privy Council and be sustained. I certainly hope that will be so.

In the meantime, and in relation to this Bill, is there any obligation that we as members of the Senate of Canada should undertake, or have a right to undertake, to perform? In my judgment there is something that we should do.

At the last session we passed an Act that is Chapter 14 of the Statutes of 1935, "An Act to provide for a weekly day of rest in accordance with the Convention concerning the application of the Weekly Rest in Industrial Undertakings, adopted by the General Conference of the International Labour Organization of the League of Nations in accordance with the Labour Part of the Treaty of Versailles of 28th June, 1919." The Convention referred to there was adopted sixteen long years ago! Also at the last session we passed an Act, now Chapter 63 of the Statutes of 1935, "to provide for limiting the Hours of Work in Industrial Undertakings to eight in the day and forty-eight in the week, in accordance with the Convention concerning

the application of the principle of the Eight Hour Day or of the Forty-eight Hour Week, adopted by the General Conference of the International Labour Organization of the League of Nations in accordance with the Labour Part of the Treaty of Versailles of 28th June, 1919." Yet here in Canada, a young nation that prides itself on being in advance of almost any other nation on questions affecting the rights, aims and claims of labour, these two conventions adopted by the International Labour Organization sixteen years ago have not yet been put into operation.

So far I have been trying to lead up, as briefly as I can, to what I think is a contribution we might make towards advancing, in connection with this Bill, the welfare of unemployed Canadians. As indicated by previous speakers, the present Bill literally destroys the action that was taken in 1933 to set up a Board of Trustees for the Canadian National Railways. We need not enter into any argument, I think, for some of us would not be able to convince others of us as to the propriety of the measure passed in 1933, nor the propriety of the present measure. But I want to stress the point that the Bill now before us for third reading proposes to deal with, to dominate, and, we hope, properly and effectively to determine the rights of the Canadian people in the matter of the operation of, the Canadian National Railway System—which, I repeat, is the largest singly owned and operated railroad in the world. What I want to do now is to move an amendment, seconded by the honourable senator from Edmonton (Hon. Mr. Harmer):

That this Bill be not now read a third time but that it be referred back to the committee to be amended as follows:

One day's rest in seven and 48 hours per week

10. (6) The Board of Directors and the President shall promptly on assuming office as such prepare and make effective regulations to ensure and require for all persons employed on the Canadian National Railways one day's rest in seven and not more than forty-eight hours' work in any week, except in defined emergency.

Section 10 of the Bill deals with the appointment of the president and directors, and with the question of the president's remuneration. The marginal reference to subsection 5 is, "Chief Operating Officer of National Railways to act until President appointed."

It seems to me that the Senate here and now could make a reasonable contribution towards relieving the unemployment burden of the Canadian people. I am sure that someone will ask me, "What will this cost the Canadian National Railways?" I have to admit frankly that possibly, under existing conditions, the passing of my amendment would result in some additional cost. Nevertheless I submit that the Senate, out of due regard for the rights of thousands of unemployed Canadian citizens, should undertake to give favourable consideration to this amendment.

Hon. Mr. PARENT: Will the honourable gentleman allow me to ask a question, before he resumes his seat? If we adopted this amendment, would not our action conflict with the finding that has just been handed down by the Supreme Court of Canada with respect to the forty-eight-hour week legislation?

Hon. Mr. MURDOCK: My distinguished friend is a lawyer and I am quite sure he would not attempt to say that any employer of labour in Canada to-day has not the right and liberty, regardless of any of this so-called social legislation, to put an eight-hour day into effect and to insist that one day's rest in seven be taken by all his employees. This railroad is ours, and its employees are citizens of Canada. The Bill before us undertakes to lay down some instructions to which the president and board of directors shall be required to conform. What I am suggesting is simply that we, the Parliament of Canada, instruct the president and board of directors to make effective on the Canadian National Railways the principle of an eight-hour day and one day's rest in seven, without regard to the provisions of the conventions to which I have referred.

Hon. Mr. McMEANS: Will the honourable gentleman inform the House if his amendment would affect both railways in Canada?

Hon. Mr. MURDOCK: No.

Hon. Mr. McMEANS: It would affect only one road?

Hon. Mr. MURDOCK: Yes. Section 10 deals entirely with the president and board of directors of the Canadian National Railways. It refers in no way to the Canadian Pacific Railway. If it did, of course I could not propose an amendment of this kind. The subsection which by this amendment I propose to add to section 10 simply instructs the president and the board of directors to make regulations to insure that all employees of the Canadian National Railways shall get one day's rest in seven and shall not, except in cases of emergency, work longer than forty-eight hours in a six-day week.

Hon. Mr. ASELTINE: If the amendment should carry, how would it be possible for the Canadian National Railways to compete with the Canadian Pacific Railway?

Hon. Mr. MURDOCK: When the honourable gentleman says "compete" I can hardly analyse just what he means. We, the people of Canada, should be taking on ourselves this additional burden, whatever the additional cost might be, of giving effect—am I justified in saying?— to a principle that in 1919 Canada, in common with other nations of the world, agreed, at least tacitly, to put into effect. Nothing has been done. Here we have one large employing unit of the Canadian family with approximately 100,000 men, under normal conditions. My proposal would, I think, put to work several hundreds of men, some of whom have fifteen, twenty or twenty-five years of seniority rights, but find no regular work to do. I agree with the honourable senator that there would be some additional liability placed upon the Canadian people.

Hon. RAOUL DANDURAND: Honourable senators, this Parliament last session embodied in legislation the principle of the forty-eight-hour week with one day of rest in seven. The Supreme Court of Canada last Wednesday declared the Act to be ultra vires. The Government, through its Department of Justice, is considering whether the legislation shall be submitted to the highest tribunal in the Empire, the Privy Council. I am unable to say what course the Government will take, but undoubtedly the Parliament of Canada should not legislate piecemeal on such an important matter. Under the circumstances I am unable to accept the amendment of my honourable friend.

The amendment of Hon. Mr. Murdock was negatived.

The Hon. the SPEAKER: The question now is on the main motion for the third reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I had hoped that the motion for third reading might be deferred for another day. In the intense rush upon us in these closing hours, with a long succession of bills requiring as thorough study as can be given to them, I have not been able to collect and arrange in order, as I should have liked, such material as would have enabled me to discuss briefly, and at the same time not ineffectively, this proposed measure.

Possibly point will be best given to what I have to say by my telling the House in the very first breath where I stand in relation to this Bill. I am opposed to it. I think it is deplorable that the Government should have seen fit to introduce such a measure as expressive of its policy on a matter so vital, indeed a matter that goes to the very fate and destiny of our financial and industrial well-being. I am not only opposed to the Bill, but I am prepared to see the Bill defeated, and to take all consequences, if by any act of mine I could bring about its defeat. I say that with no reflection on the bona fides and intent of those who reason otherwise. I have for a great many years lived with this railway situation certainly as closely as any other honourable senator, and I can assure the House I have not come to this conclusion hastily, nor in any spirit of hostility to the Administration. I am amazed that such a course as this should have been decided upon, almost under the echo of the result of an election, and announced to the public without even such time for seemly consideration as would appear to me to be all-important in a step so far-reaching.

What is the history of our railway problem? It must be stated hurriedly and imperfectly. We were a young country and the means of locomotion and carriage were essentially by rail. At very considerable national expense and risk we engaged in the construction, first, of one railway system in the East, then of another from coast to coast, and subsequently, commencing in the late nineties, we encouraged the construction of a system in Western Canada to serve a vast territory previously unsupplied. In the early part of this century Parliament as then constituted decided in its wisdom, supported by the people of Canada in their wisdom as then developed, that another road should be constructed from coast to coast by means of a complicated system of mortgages and guarantees involving heavy liability on the Dominion. Then Parliament decided to guarantee the obligations, at all events the basic obligations, for a third transcontinental. This decision was reached in the early part of 1911, and early in the session of that year the honour and pledge of this nation were affixed to that stupendous venture.

Hon. Mr. DANDURAND: My right honourable friend says 1911.

Right Hon. Mr. MEIGHEN: I am referring to the Canadian Northern, the third transcontinental line. It was in the last session of the Laurier Administration. I am not now pausing to criticize the judgment of the Parliament of Canada or the Government of that day. Suffice to say that it affixed the signature of this Dominion to very serious

obligations in connection with those two systems.

The only important railway extension made by the succeeding Government was in respect to the Canadian Northern line from Edmonton to the coast; an extension which in my judgment—perhaps I was wrong—was essential for the rounding out of an already almost completed system in so far as the authorization and assistance of Parliament were concerned.

We found ourselves in possession, either as mortgagees or guarantors, but largely as guarantors, of the obligations of these two systems. In many respects we found ourselves the owners of vast sections of the systems. We were the owners of the Intercolonial, and of the Transcontinental from Moncton to Winnipeg, and by the time the real crisis arrived we were virtually the owners of the Grand Trunk Pacific, too, from Winnipeg to Prince Rupert; for as an independent venture it had completely failed. Then the very first of our railways found itself unable to operate and to take care of its debts. We were guarantors, not of all the debts, but of such portions of them, immense in their aggregate, as to make us in effect guarantors of all; and, being guarantors of the obligations, we were virtually in the position of mortgagees.

From the superior, though not very well informed, criticism of modern writers one would think that the Administration of the time of this crisis, about 1919, had been seized with an ambition to become the proprietor of these tremendous railway systems which were in trouble, and that it had made the vast error of plunging into the centre of their difficulties and placing the whole burden upon the shoulders of the people of Canada. The fact is, the burden was on our shoulders then and could not be honourably removed. It was as direct an obligation as any nation was ever under. We could not escape from it. We could of course continue under the load of liability and let the assets go where they would; but no one at the present time can place himself back in that period and, surveying the circumstances, think for a moment that although the obligations were binding upon us, we could have just let everything be sold under the hammer and have awaited the chaos which would at that time have been very quickly upon us if the then Administration had displayed such an utter lack of foresight and of common sense.

We have been too optimistic in the construction of railways. That is the fundamental cause of our difficulties.

As years went on, a way had to be found of managing what the Government had decided it should take over. I emphasize once more the fact that the decision of Canada to take over the railways was forced upon it; it was not a decision prompted by any ambition to incur the responsibilities of railway management. At that time a plan was devised to incorporate all the railways into a single system, taking their various elements in one by one, or ten by ten, until all should be included in a great Canadian national railway company. This work was completed in 1923. The legislation providing for it and making it inevitable had been passed about one or two years before. The method of procedure was to provide for a board of directors and place the Government of Canada in the position of shareholders of the road, exercising such control as shareholders in a company are entitled to exercise, the spokesman and active instrument of that control being the Minister of Finance. Provision was made also that all capital expenditure was to be controlled by the Governor in Council and provided by vote of Parliament. It was hoped and believed that this method would sufficiently remove actual operation from interference of political influences and give the railway a fair chance to vindicate itself as a business enterprise.

The board then created was headed by Mr. D. B. Hanna, a man who previously had been the general manager of the largest unit in the new system. Towards the end of 1922 the general manager and entire board were removed. I cannot recall that any reasons were given as to why this action was taken. A new board and general manager were appointed. At that stage a nine-year period began. The new general manager was Sir Henry Thornton.

At the end of nine years, or ten, the system was in a rather pitiable plight. It is only fair to remind honourable members that we happened to be then in the dark abysm of a depression, and the road had suffered more perhaps than any other single enterprise in Canada from the effects of that depression. What the road suffered from otherwise I shall not speak of personally. Anything I say on that phase will be said entirely on the faith of authorities much more important and dependable than I. At that point, the system being under liabilities aggregating not far from three billions of money, the losses being terrific, and the cloud formed by railway difficulties being the blackest on the horizon of Canada, the Government of the day decided there should be a review by commission of the whole situation with a view to finding a new policy or improving the old one, or discovering some way out of our trouble.

The commission appointed was headed by the present Chief Justice of Canada. It was composed of men of oustanding capacity and repute. The leading member was Lord Ashfield, whose experience in the management and corporate control of large railway enterprises in Great Britain was perhaps unequalled. Another member was Sir Joseph Flavelle, who had been president of the Grand Trunk System in Canada about the year 1920, and who is recognized as being among the first two, three, or four of the men of front-rank business capacity in this Dominion. Of the other members, one, Mr. Lorie, came from the United States. His experience had been gained in management of the biggest railway there. Another was Mr. Beaudry Leman, one of the most successful and respected business men of the province of Quebec.

Hon. Mr. CASGRAIN: And an engineer, too.

Right Hon. Mr. MEIGHEN: An engineer too. The other member of the commission was Dr. Webster, who, though Canadian born, had returned to Canada only within recent years, and who had a very successful career, indeed, in everything to which he had put his hand. No one has ever ventured to suggest that there was any political bias, or possibility of it, in the personnel of that commission. I know of only two of its members who had ever been identified in any way with Canadian political affairs—one on one side, and the other on the other side; and certainly neither had been active. It was an able commission and commanded the confidence of the people of this country. I never heard its ability challenged in either House, or indeed anywhere in the Dominion.

That commission made a lengthy and very thorough investigation into the whole problem of our railways. Its report is one of the most impressive documents in our literature. It does credit even to a man with such a record as that of the Chief Justice of Canada. The commissioners examined first into the causes of the trouble we were in, and disclosed those causes in most definite form, amply supported by evidence and incontestable facts; indeed, by facts no one has ever ventured to question. They attributed our difficulty first to that earlier basic cause I mentioned at the opening of my address—over-construction due to over-optimism of the Canadian people. They added, though, that another cause was unrestricted, uncontrolled competition between two great systems serving the same people, one of which was publicly owned and the other privately owned, and that the privately owned one had deemed it necessary to meet the pace of expenditure set by the publicly owned one in order to hold its share of the field. They gave as another cause the absorption of non-paying independent lines and other properties into the Canadian National System, under compulsion of political or, as they preferred to describe it, public pressure, the consequence being an appalling increase in the capital liabilities of the system. They gave as a third cause, inelasticity in the power to compete with outside, extraneous means of transport, due to rigidity of freight and passenger tariff schedules. They gave as still another cause the position in which the railways found themselves because of international trade unions controlling in considerable degree the level of railway wages and compensation, and the consequent inability of the railways to meet periods of stress as they can be met in individual enterprises. These were the main reasons advanced for the immensity of the problem which confronted this country.

The commission then proceeded to outline methods of escape or alleviation; means whereby the road might be saved for the future so that improvement, at least, might be looked forward to, and the impediments surrounding the management of a nationally owned system be reduced to the utmost extent, or removed.

Throughout the entire report one finds the main criticism to be this: that the very fact of the National System being publicly owned and having the treasury of Canada as its means of resource induced an atmosphere of extravagance over the whole range of management.

Hon. Mr. CASGRAIN: Public ownership!

Right Hon. Mr. MEIGHEN: As a consequence the entire history over the period covered was characterized by the "red thread of extravagance." Expenses in every sphere of railway operation and near-railway operation were startling. The aggregate amount was indeed something to shock the people of our country. The commissioners quoted the evidence of witnesses in explaining how it came about that a road so controlled was subject to these influences; and they did so in no spirit of hostility to any administration, as is very clear from every line. Nothing perhaps could exceed in vulnerability such a system as was in vogue, namely a system of a board with the Government, exercising the authority of stockholders, as its dominating factor. They quoted the authority of Sir Henry Thornton, who said, in a language of which he was a master—sonorous, very, very friendly and insinuating—

no matter what Government in the world was in power, public pressure was bound to exert itself through the medium of that Government and result in expenditures by the road, chiefly of a capital nature, which no private enterprise would enter upon. They gave other authorities and many instances. They said it was not just a case of a member of Parliament wanting a pass or a job for someone, or even of a Minister trying to tell them what they had to do. It was the influence of communities upon the Administration, and through it upon the railroad, that resulted in this vast liability being incurred.

What were the liabilities? The commissioners found that over a period of nine years, from 1923 to 1931, inclusive, liabilities of the National System had been added to by 922 millions of money, or over $100,000,000 a year. They found that some of this, of course, was due to the cumulative effect of repeated and successive deficits, which took the form of liabilities to the Government. Four hundred and fifty-six millions of the total in these nine years was due to new capital expenditures, or over $50,000,000 per annum. In instancing these expenditures they pointed to a fleet of ships tied idly to our Western docks; to hotels of imposing magnitude in many of our cities, without business or, indeed, with closed doors; they pointed to railroads taken over which had no earning power and were only a liability after they were absorbed. These things they euphemistically but truthfully ascribed to the fact that the public treasury governed and supplied. They did not intimate that anything in the nature of corruption or wrong intent was allowed to enter. This situation they portrayed as the inevitable result of leaving management exposed to influences exercised through Government.

Hon. Mr. DANDURAND: And to the action of Parliament.

Right Hon. Mr. MEIGHEN: Well, the action of Parliament at the instance of Government, for, inasmuch as money was the one essential, it had to be at the instance of Government. The Government looks to Parliament, of course, to provide the money.

Hon. Mr. DANDURAND: And to the building of branch lines.

Right Hon. Mr. MEIGHEN: Some; yes, certainly. The honourable gentleman is helping me considerably. Does any one for a moment think the pressure of communities to have branch lines constructed is not just one instance of that public pressure which the report reveals? I am trying to emphasize public pressure, upon which may depend the fortunes of some candidate, or more than one, as an evidence of the same influence which, in huge degree, was responsible for the dilemma of the railways.

The commissioners came then to the still more difficult problem of finding some means of effecting a remedy or betterment. To overcome the disabilities incident to unrestrained competition, and to avoid the tremendous expenditures consequent upon them, they recommended first of all a system of co-operation enforced by a tribunal to which either railway could appeal if such co-operative measures could not be effected by mutual agreement.

But the main recommendation, the one which is paramount in its consequences, was that there should be set up a system which would to the utmost possible extent remove the operation of the road from the pernicious, deleterious and, indeed, catastrophic influences that had brought it where it was. What was the former plan? The ex-board of directors, appointed by the Government, was responsible to the Government. The Government took the place of shareholders and directly exerted its influence as the representative of the shareholders. Therefore the board of directors was virtually answerable to the Administration for all the Administration's demands. The commission gave it as a finding that the board of directors, ever since its existence, had felt itself in exactly that position and not able to exercise independent judgment; that it had looked upon the word of the Government and the word of the president, who was a Government appointee, as the be-all and the end-all of policy.

What did the commission recommend as a remedy for that evil? It said that the best means it could suggest was the removal of the board, which supervises the management, from direct responsibility to the Government and the placing of it under direct responsibility to Parliament. It said there should be appointed a board of trustees on a basis of permanency, or at least of such a degree of permanency as would prevent their inevitable removal with the shifting of the political thermometer; that the board of trustees should report to Parliament each year; that in no way should the board be under the influence, or even in the immediate presence, of the Government, and that administration of the road should rest solely upon the shoulders of that board, unrestrained, unrestricted, and unsupplied with money except such money as was voted by Parliament directly for the purpose.

In all these regards and to all this advice the utmost consideration was given; consideration not only by the Government, but by the House of Commons and, I think I can say, particularly by this House. It was in the Senate that new legislation was initiated. Here it received its first and principal review. Here every phase was criticized and examined, the whole matter being brought under our eye. This House decided, first, that the proposed system was good and should be given a fair trial with a view to seeing whether we could not make at least some progress towards betterment of the financial situation of the road. Appointments were made in the fall of that year, after having been delayed somewhat because of difficulty in inducing men of requisite weight and type to take on the duties of trustees. To the position of chairman was appointed Judge Fullerton, a man who because of his experience in the practice of law, as a judge on the Bench, and, for some time before his appointment, as head of the Board of Railway Commissioners of Canada, was deemed competent to take the principal post of responsibility. The other appointees were certainly very good men. I do not know that better men could be secured to-day than Mr. Morrow and Mr. Labelle.

Hon. Mr. CASGRAIN: What did they know about running a railway?

Hon. Mr. POPE: What do you know about it?

Right Hon. Mr. MEIGHEN: The central responsibility was on Judge Fullerton. I must have regard to the well-intentioned interruption of the honourable senator from De Lanaudière (Hon. Mr. Casgrain), who asked what they knew about running a railway. Well, Judge Fullerton did know quite a lot about railways; his experience had taught him a lot about them. In the next place, the business of the trustees was not the management nor the operation of the railway. The Act which authorized their appointments, and which in this respect also fulfilled the recommendations of the Duff Commission, provided for the appointment of an operating manager, with the titular rank of president, who was to do the operating. The three trustees were supervisionary men who were to take the place of directors, perform the functions of directors and report to Parliament. They were required to direct their energy—the chairman was to give all his time and energy—to an endeavour to better the condition of the road and to save expense, while maintaining the character and efficiency of the system and making it a credit to Canada. Above all, they were to try to reduce the burden on the back of the taxpayers of this country.

Hon. Mr. MURDOCK: May I ask the right honourable gentleman a question? Does he not recall that Judge Fullerton, when he appeared before our committee the other day, intimated that he took action entirely at variance with what the right honourable gentleman has just stated? I think what the right honourable gentleman has stated should have been the position. But did not Judge Fullerton say that he had taken certain departments under his own control and discharged some responsible officers who had served a long time on the road, replacing them by others?

Right Hon. Mr. MEIGHEN: The honourable gentleman will have plenty of time to speak on this later. I would ask him not to interrupt me unless he has something more pertinent. Judge Fullerton said no such thing.

Hon. Mr. MURDOCK: I beg the honourable gentleman's pardon. He did say such a thing. If there was a stenographic report it will bear me out.

Right Hon. Mr. MEIGHEN: There was a stenographic report all right. What Judge Fullerton said was that in the matter of the operation of the railway system the whole thing was left to the titular president, and that he never interfered in the slightest degree with that titular president. But there were certain responsibilities of the company, not at all concerned with operation of the road, which he deemed it his duty to assume, and which he did assume. And he has reported to Parliament, as to the committee, the whole result of that management. That I would have stated whether any interruption had been made or not.

Such was the system that was inaugurated. And let me inquire briefly what the result has been. May I direct the minds of honourable members back to the evils revealed by the Duff Report and to the reasons why the disastrous results of which we were witnesses had taken place? Political and public pressure was the main evil. Directly due to the influence of that political and public pressure was a staggering measure of extravagance. Let us now examine into the results effected by the board of trustees. I said there had been an aggregate expenditure in new capital of $456,000,000 in nine years, or more than $50,000,000 a year. I might have mentioned, as I will now, what the Duff Commission especially pointed out,

that because of public pressure the investment in the capital of the road was, in the year before an election, more than double what it had averaged in the previous eight years. But what happened after the trustees took control? They are able to report for but two years, for it was only a year and nine months after their appointment that they were told to go. In those two years no money was put into new capital at all. Rather I should say that the retirements were greater than the expenditures in new capital.

Those two years have not been good years; they have been years of depression. For railways over the whole of this continent, including the United States, they have been relatively bad years. Yet, because of a measure of increase in business, accompanied by reductions in expenditures, the trustees were able to make a saving of over $22,000,000 in the cash deficit in those two years. That much less money was required from the treasury. As indicating one element in this reduction of deficit, Judge Fullerton was able, in a statement presented to the House of Commons, to point to an improvement in the result of the management of every one of the different branches of which he had taken direct and immediate control. Several of those branches were such as had no revenue at all; branches like that having to do with colonization. But the hand of economy was applied generally, and in the short period when the trustees were in control excellent results were obtained in the reduction of cost to the country, regard being had to conditions at large.

Judge Fullerton was able to show that in respect of steamships, which are entirely separate from railway operations, instead of there being a deficit which had reached as high as $1,800,000 a year and which I should say would average somewhat less than $1,000,000 annually, the Australian service had produced in 1935 a surplus of $317,000 and the West Indies service a surplus of $310,000. Excellent as were those surpluses, which appeared for the first time in 1935, he was able to show even more favourable results for this year, up to the date about which he was speaking. In the management of hotels—and all this is, of course, aside from interest on cost; it is only a comparative presentation—he was able to show a surplus of about $101,000 for last year, as against continued deficits for at least a decade. He never claimed, though, that these results were all that could be obtained, or that he was anywhere near the goal he was seeking.

After a survey of all branches, conducted by himself, he produced an average annual saving of over $700,000. In the midst of his activities, and with all these accomplishments behind him, he was told to please step out, because he was not a railway man. I am afraid that if the reason for his stepping out was a sound one, it would, if followed, produce a convulsion in the structure of almost every big enterprise in this country. If that principle were applied it certainly would produce a convulsion in the present Government.

Hon. Mr. MURDOCK: Was he not asked to step out in January, 1935?

Right Hon. Mr. MEIGHEN: Not at all.

Hon. Mr. MURDOCK: Is the right honourable gentleman sure of that?

Right Hon. Mr. MEIGHEN: Absolutely sure. The whole difficulty is incomplete information—and "incomplete" is a complimentary word. No such instruction was ever given or even suggested to him.

Hon. Mr. MURDOCK: Will the right honourable gentleman assist to bring this out by having the proper parties tell the story on the stand?

Right Hon. Mr. MEIGHEN: He was on the stand.

Hon. Mr. MURDOCK: No.

Right Hon. Mr. MEIGHEN: Judge Fullerton was not on the stand? What is the meaning of these interruptions, Mr. Speaker? Have they any point or purpose? Judge Fullerton was on the stand, but was not asked that question. Why was it not put to him? I say to the House—and I have the floor—that he never was asked for anything of the kind.

Hon. Mr. MURDOCK: No. He was not the one who should have been asked.

Right Hon. Mr. MEIGHEN: No. And he should not have been asked by this Government to go. But he was asked to go, on the ground that he was not a practical railroad man. Such a principle, if applied, would have removed from the chairmanship of the board and position of effective head of the Steel Corporation of the United States, Judge Gary, a man who had been a judge before he took that appointment, and who, at his death, was recognized as perhaps the foremost industrialist on this continent. His business was not to make steel, nor even to supervise active operations of the plant. His business was to exercise control over finances, over policy, over the great economic factors that enter into the business of production and sale. The same principle would have removed

Sir Joseph Flavelle from the presidency of the Grank Trunk. Did anyone suggest that he was not a fit man for that post?

Hon. Mr. MURDOCK: Lots of people.

Right Hon. Mr. MEIGHEN: The same principle would have removed him from the presidency and chairmanship of the Munitions Board of this country, in the occupancy of which he undoubtedly, by his business capacity, saved hundreds of millions of dollars for this country, Great Britain and the Allies. The same principle would remove many Ministers now occupying supervisionary posts over great departments in which there are operating branches. But it is a principle which has never been recognized by business concerns in choosing their heads.

"By their fruits ye shall know them." We have had two years in which to test Judge Fullerton, to examine the fruits of his administration. I ask honourable members if it is not better to see results represented by increased figures in the black than by a continuation of huge figures in the red? The operation of the road was not his duty. Direct contact with the men was not essential for him. He was told—not when he was asked to go, but two months later—that the reason for the request was the low morale of the road. Well, our committee studied this Bill. Judge Fullerton was called, as was Mr. D. C. Coleman, Vice-President of the Canadian Pacific. Anyone else whom honourable members desired to hear upon this subject could have been called, but no one else was invited. What was the evidence given on this question of morale? Mr. Coleman, who was the first witness, said that he was Vice-President of the Canadian Pacific Railway and was in charge of operations. I asked him, "If the morale of your road were bad whose fault would it be?" He said, his own; it was his business to keep it up; he was the operating head. Before he went there he was, I think, a newspaper man. I hope honourable members have heard that.

Right Hon. Mr. GRAHAM: A good training.

Right Hon. Mr. MEIGHEN: A good training, certainly; and he has proved an excellent man and a credit to Canada. He said, "If there is anybody responsible for the morale on my road it is myself." I asked him who occupied the corresponding position on the Canadian National Railways. He said it was Mr. Hungerford. So I asked, "Who is responsible for bad morale, if there is any, on the Canadian National Railways?" He said, "Mr. Hungerford." Mr. Hungerford is the heir presumptive to the management and chairmanship of the board under this new system.

But Mr. Fullerton did not attack Mr. Hungerford. On the contrary, he said Mr. Hungerford had kept up the morale. The morale is not bad. The supposition that it is bad is a pure delusion of the Minister. He is the only one who ever said so. Mr. Fullerton said, "I never heard of that until he told me on the 30th of December last year." He said further: "Just last week I was talking to Mr. Warren,"—a vice-president of the Canadian National Railways at Winnipeg, whom we all know, and who has been on the road virtually all his life—"and I asked him if the morale was bad. 'Why, no,' said Mr. Warren, it is excellent.'" Every tittle of evidence before the committee showed the morale of the road was splendid. Then why this change?

This brings me to the critical point of the matter. Why is the change to be made? I know very little of, I scarcely know personally, the new Minister of Railways. He was never in Parliament before the last election. I know that his reputation as an engineer is good. I have not the least reason to doubt that as a business man also his reputation is good. So I do not approach him predisposed adversely. But within a week of attaining office he decides that the Duff-Flavelle-Ashfield report, prepared after many months of inquiry and study under the authority of men of unquestioned rank and respect, is to be thrown into the waste-basket and forgotten. He finds that men, into the real results of whose work he has never inquired or never had time to inquire, have to be thrown on the ash heap and abandoned. He finds that the system of management which brought about the disastrous consequences revealed in the Duff-Flavelle-Ashfield report has to be restored and put under his direction; that all the vulnerability to public pressure and politics, all the weaknesses consequent upon that position, have to be restored. In almost his first utterance in the city of Toronto he said: "We cannot tolerate the present position. Why? Because we own the road, we have to provide the money, and therefore we must have control."

Now, I ask, for what purpose was it so essential that the Government be restored to control of the Canadian National Railways, as it will be under this measure? I do not have to answer the question. Mr. Howe has answered it himself. Mr. Howe says: "I am not a bit afraid of this bogey of the Government interfering with the road. What I am afraid of is the road interfering with the

Government." To make his point clear he gave an instance. He said: "Mine is a railway riding, the riding of Port Arthur. This trustee board has it within its power to destroy my political career." Could such a thing be tolerated? Is the fate of the National Railways comparable, in its consequence to this Dominion, with the success of the political career of Mr. Howe? Mr. Howe announced he was going back to Government control in order to see to it that the road was directed in such a fashion as would answer the political necessities of the Administration. He is on record in the frankest language, and I am asked to support the process. I have indicated to honourable senators why I do not feel I can do so.

Has anything further been since adduced? Mr. Fullerton reveals what has been accomplished in two years of operation; and for this he does not himself take credit, but gives credit to the system under which he was able to handle business unimpaired and unimpeded. He says that although on the Canadian Pacific and first-class roads of the United States the percentage of improvement in traffic was not as good as on the Canadian National, yet the percentage rate of increase of expenses on the Canadian Pacific and the first-class roads of the United States was not by any means as low as on the Canadian National; and that the operating ratio of the Canadian National in the two years under the trustee system had improved vastly over former years—from 96 per cent to 91 per cent—while the ratio of Canadian Pacific remained almost stationary, and that of first-class roads in the United States was approximately stationary. By the test of operation ratio, although it is not perfect, you can most intelligently judge efficiency of administration.

Mr. Fullerton says, "This has been done, not by robbing men of their jobs, not by economizing at the expense of labour." This apparently he set himself against, rightly or wrongly. He says: "Instead of having fewer men employed we have 4,000 more, and instead of having lower wages we have restored part of the cut. It appears in our labour payments of last year, which represent more than $9,000,000 increase as compared with the year before."

The consequences of a return to the system of management by a board of directors, with Government authority also restored, may not be the consequences that followed the same system in other years; I do not know. But I do know that consequences which did follow in the past were disclosed as inevitable because of the system, and I do know that the same man is head of the Government to-day who was head of the Government in those days. Therefore I cannot very logically be asked to work up a tremendous degree of confidence that the same consequences will not be repeated.

It is said that this is a great national business and since the people have returned the present Government to power, whether or not you like the way it is going to handle the National Railways, it ought to be given a chance. I know the duties of senators are important, their responsibilities heavy; and I recognize there are limitations surrounding us, and it is in the interests of Canada that those limitations should be observed. I want to observe them. But unless the Government has at least a specific, definite and understandable mandate from the people of Canada, I do not think those limitations go to the extent of imposing upon me any compulsion to support it when I have every reason that any thoughtful man of experience can have, to believe that the course now to be taken will be calamitous in its financial consequences to our National Railways; when I know what all investigation in the past has shown, and that similar consequences cannot well be avoided under the system now being restored.

I said there was no specific mandate. Is there anything you can call a mandate? Did members of the present Government disclose to the people of Canada before the election that they intended to abandon the trustee system, with the trustees responsible to Parliament and not to the Government? I venture to say not one man now in the Administration ever indicated to the people of Canada that such was his intention. Certainly the present Prime Minister did not. Did he ever intimate to the people of Canada his aversion to the principles of the Duff-Flavelle-Ashfield report, or his intention to tear it to tatters and throw it into the limbo of the past? He never did. Certainly everything that can be done to help the Canadian National Railways the Government has a right to do, but it has no right to substitute its ideas, undisclosed to the people of Canada, for ideas confirmed by Parliament in the past because of the authority with which they have been advanced, and in the face of facts which that authority reveals. Certainly there is no compulsion upon me to support the Bill because of a mandate. A mandate does not exist. I do not regard the general authority of Government to do what it likes in financial matters as necessarily forcing me to be a party to a reversal of a policy which up to this day has proved at least a partial success, and to the substitu-

tion of a system which through most of its existence was nothing but a total failure.

Consequently I intend to vote against the measure. I do not know that by doing so I am acting in the interest of the party with which presumably I have some relation. I care not. I am not going to take a step which in future years I might look back upon and be unable to defend. That is the reason I am taking this course. It may be that improvement in business, which undoubtedly is under way, will in some measure help the Administration to show larger aggregate results. I know it hopes to be saved by Providence from the consequences of its own folly; and possibly it will be. But I am as certain as I can be of anything that there would be far greater success under the system safeguarded as it is to-day, than by this reversion to a discarded system which is now commended to the House. Having so convinced myself, I take my stand against the Bill, and I take upon myself all the responsibilities of that stand.

Hon. RAOUL DANDURAND: Honourable senators, I confess I was somewhat dubious as to the result of the administration change sought by this Bill until I examined into the record of the present trustees. When I say "the record of the present trustees" I am relying not on the newspapers, but on reports under the trustees' own signatures. After I heard Judge Fullerton in the Railway Committee last week I was confirmed in my opinion that the trustee system of management is of no value.

I will not follow my right honourable friend in his recital of the history of the Canadian National Railways as now organized. I might draw his attention to lengthy debates in this Chamber with respect to the taking over of the whole system. My right honourable friend has just said that we were forced to take it over because we were already guarantors of the railways' bonds. We felt that the roads should have gone into receivership so as to allow the Government to purchase them at their market value. The obligations of the railways represented hundreds of millions of dollars, and they were being offered on the streets of Toronto and Montreal at fifty cents on the dollar. By assuming ownership and buying the shares of those railways we came into possession of the whole system from A to Z. We in this Chamber felt that we had no obligation to those whose securities were not covered by guarantee of the Dominion Government; but my right honourable friend must take the responsibility of having shared another view and confirmed the obligation of Canada to take the whole load onto its shoulders. Moreover, when the interest was unpaid, when the whole system was in bankruptcy, the Government of which my right honourable friend was a prominent member had the temerity to ask the Parliament of Canada to agree to an arbitration of the value of the equity in the stock of those companies, which promoters had bound themselves to hand over to the Government if they failed to redeem the loan of $45,000,000 which the then Government had endorsed. All that is in writing.

Right Hon. Mr. MEIGHEN: No, no; that is not correct at all.

Hon. Mr. DANDURAND: All that is in writing.

Right Hon. Mr. MEIGHEN: No, no; it is not correct.

Hon. Mr. DANDURAND: I do not want to enter into details. Everything is to be found in the statutes.

Right Hon. Mr. MEIGHEN: But it is not there.

Hon. Mr. DANDURAND: When the Dominion Government guaranteed the $45,000,000, my right honourable friend made it an obligation upon Mackenzie & Mann to declare that the stock which they held did not represent a single dollar of the advance to the company.

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. DANDURAND: Not a single dollar of the advance to the company—

Right Hon. Mr. MEIGHEN: Not at all.

Hon. Mr. DANDURAND: —that they had received it for services rendered. If they failed in the obligation of reimbursing the $45,000,000 they were to set up no claim for services rendered. We were obliged to go to arbitration to value the worthless stock—stock not worth fifty cents on the dollar. The arbitrators declared there was an equity to the value of $10,000,000.

I shall not go into the past. We all have to bear our responsibilities. I shall simply look at the system as it was. When it was taken over in 1922 it was a jumble. It had to be made into a working system.

Right Hon. Mr. MEIGHEN: That is not right. My honourable friend is forgetting that the Bill to bring it all together was passed long before the election. The Orders in Council calling in one railroad, and then another, could not, by the terms of the Bill, be passed until the arbitration with the Grand

Trunk Railway shareholders was over; and the appeal was not over until we were out of power.

Hon. Mr. DANDURAND: But the Canadian National Railways were not a single organization—

Right Hon. Mr. MEIGHEN: Oh, yes, it was.

Hon. Mr. DANDURAND: —which could be operated as a single unit.

Right Hon. Mr. MEIGHEN: Yes. It was exactly as it is now.

Hon. Mr. DANDURAND: When the Grand Trunk and the Canadian Northern and the other systems were brought together, there came the question of who should have the direction of the whole system. We could not take the general manager of the Grand Trunk, or Mr. Hanna of the Canadian Northern, as it was felt that neither of the systems would be sympathetically inclined towards a man who administered a rival railway. So we did what Great Britain had done during the War, when it gathered into a whole all the railways of that country, and called upon a stranger, Henry Thornton, of New York, to administer them. So Sir Henry Thornton was selected. That was in 1922; and I heard him say, when we had the first public contact with him, that he hoped within five years to produce results.

Well, he had to raise the morale of the whole system and obtain the confidence of the thousands and thousands of employees on the system. I think no one will deny that he obtained this confidence. He spent largely with a view to developing the system and bringing it up to the standard of the Canadian Pacific Railway; and from year to year results were shown, until 1926, when at last there appeared a surplus that would help in paying, at all events, the interest to the public.

Those were years of great prosperity. Every citizen in Canada was prosperous and spending freely, and I suppose Sir Henry Thornton and his directors were permeated by the feeling that they were in an era of prosperity which would carry them to success. At all events, the system became a splendid working machine. But in 1929 a crisis occurred, and from that time on, owing to an absence of freight and a reduction in carloadings, the railways manifestly were running behind.

The Duff Commission, of which my right honourable friend has spoken, made a report. It suggested a trusteeship, and the legislation based on that report was initiated in this Chamber. In our Railway Committee we worked for weeks and weeks examining the situation. Various other methods were suggested, all tending to a closer co-operation between the two railways. At last the Act was passed. What was the hope of every senator, of every member of Parliament at that time? It was that through the close co-operation of the two railways a state of equilibrium would be brought about.

Right Hon. Mr. MEIGHEN: In a year and a half?

Hon. Mr. DANDURAND: We did not specify the time. It did not take two years for Judge Fullerton to come to the conclusion that such a condition could not be brought about. In 1934 he made the declaration in a report to Parliament, over his signature and those of his colleagues, and in 1935 he repeated it, that it was a vain illusion to think that equilibrium could be brought about by co-operation.

The desire to bring about that equilibrium was, I believe, the sole reason for the action of the Senate and the House of Commons in accepting the system of trusteeship. The Prime Minister of that time, in introducing to the other House the Bill which came from this Chamber, said that it was essentially based on the hope of establishing equilibrium by bringing the railways together in co-operation and thus eliminating competition. He may not have used exactly that phrase, but it expresses the reason he gave when he introduced the Bill in the Commons. Before the elections of 1930 he made the declaration, "Amalgamation never; competition ever," and I am quite sure that declaration dominated all the deliberations of the Duff Commission. The commission was faced by the policy and the iron rule of the Bennett Government. I shall not discuss that, except to say that, in spite of the affirmation which had been made, the whole purpose of the Act was to reduce competition to a minimum. There was a saving clause which stated that there should not be amalgamation. If you look at the Act you will find that every line of it goes counter to the imprudent affirmation of the leader of the Government that for ever there should be competition. The whole effect of the Act was to reduce competition to a minimum; but it stopped at amalgamation.

Now we have the statement of the trustees themselves in 1934, and again in 1935, that this hoped for equilibrium was an illusion. "We cannot bring it about," they say; yet the sole purpose for which they were appointed was to bring about equilibrium by means of co-operation between the two railways.

Last week, or the week before, we heard for the first time from Judge Fullerton the statement that there was another reason for his failure to bring about equilibrium. He had said in his reports of 1934 and 1935 that the only salvation lay in greater traffic; in other words, in greater prosperity. Yet two weeks ago he said: "I could not bring about better results. I failed in the direct mandate which I had under this Act, because there was no will to co-operate." I questioned him on that statement. I asked him how it was that for two years he had made reports to Parliament saying that there was but one chance of restoring equilibrium, namely, through greater traffic, and that now, when he is about to leave, he says there is no will to co-operate. How is it that now, for the first time, we are advised of that condition and all our hopes are dashed? How is it that such a statement could be made by Judge Fullerton? It could be made only because he found that he had been unable to obtain results through co-operation between the railways.

Now, how were savings to be effected through co-operation? They were to be effected in various ways: the abolition of competition in express, telegraph and other services; the joining together of terminal facilities where pooling arrangements were in effect between the two railways; and so forth. A committee was appointed, consisting of three Canadian National Railways trustees and Sir Edward Beatty, Mr. Tilley, K.C., and Mr. W. A. Black, of Montreal, of the C.P.R. That committee was to receive the agreements made between the operating committees of the two railways. The names of the members of those committees were given to us. Judge Fullerton told us that there was no disagreement between the executives and that as there were no disputes between them there was no reason for setting up arbitral tribunals. But the reason why no arbitral tribunals were set up is obvious: no agreement was arrived at between the operating men. No wonder there was no disagreement between the Board of Trustees and the executives of the other railway. There could have been none.

What should have been the work of our trustees? It was their duty to follow what was taking place in that committee of experts, to consult with its members, and to press them toward some larger result. We have no information as to what took place between Judge Fullerton and the experts appointed by him. He simply tells us that there was no will for co-operation, and that we cannot expect any result leading towards equilibrium. We had his written statements in 1934 and 1935 that the work done by his predecessors during the two or three years before he took office had been so thorough and effective that hardly any more savings could be hoped for.

Hon. Mr. GORDON: To whom was he alluding at that time? Who had made the great savings?

Hon. Mr. DANDURAND: He was alluding to the board that preceded him.

Hon. Mr. GORDON: Not to Sir Henry Thornton?

Hon. Mr. DANDURAND: Well, to the board that was in office for the two or three years prior to his, Judge Fullerton's, appointment. He said that the preceding board had made such radical reductions in expenditures that there was hardly any hope of doing more in that direction.

Here is the situation which confronts us. The board of trustees was given a mandate to obtain reductions through co-operation with the Canadian Pacific Railway Company, as provided in the Act. When Judge Fullerton was before us at the Railway Committee I asked him, "You failed?" And he replied, "I failed." But he said that he had done the best he could to bring about reductions. Yet in his reports for 1934 and 1935 he says that big reductions could be achieved only through greater traffic, increased car-loadings. I asked if increased traffic could be procured by the action of the board of trustees, and Judge Fullerton said that was a question of traffic, something not in his jurisdiction.

The board of trustees that we appointed on the recommendation in the Duff Commission report has not been able to realize our hope that through co-operation between the two railways the annual deficit of $50,000,000, as it was in 1933, might be wiped out or very greatly reduced. It is principally because our hope in that direction has been frustrated that I am so keenly disappointed. We had believed what we had been told by Sir Edward Beatty and other eminent men, that co-operation between the two roads might bring about an equilibrium between income and expenditures. But expected results have not materialized, and I feel to-day that the work we in this Chamber did in 1933 on the railway situation has been all in vain. My right honourable friend tells us to look at what has been done. He says that Judge Fullerton has made extensive reductions in expenditures. Yet Judge Fullerton declared that the economies effected during the two or

three years prior to his appointment had been on so large a scale that virtually no more savings could be made along that line.

Hon. Mr. GORDON: Did he say anything about the abandonment of lines?

Hon. Mr. DANDURAND: Yes. I put to him a few questions about the abandonment of lines. I think it was Mr. Coleman who told us that only ten miles of Canadian Pacific track had been abandoned in consequence of co-operation.

Right Hon. Mr. GRAHAM: That was Canadian National track.

Hon. Mr. GORDON: Did Judge Fullerton state that the Board of Railway Commissioners had denied the railways permission to make certain desired abandonments?

Hon. Mr. DANDURAND: Yes. He said the railroads had not fared well in this respect before the Railway Commission. He declared they dare not abandon certain lines, because of the outcry that would be raised by people who are now served by them. I asked him if the principal obstacle in the way of abandonment was not labour, and I think he said it was. Then I inquired if during his term of office he had studied the possibility of a plan—to be approved by Parliament perhaps—under which employees would be pensioned at, say, fifty-five years of age, and younger employees whose services were not at present required would be given temporary compensation until such time as they were reabsorbed into the system. He replied that no such study had been made.

I wonder what Judge Fullerton, the Chairman of the Board of Trustees, really considered his mandate was. I asked him whether he was not appointed for the express purpose of bringing about financial equilibrium through co-operation with the Canadian Pacific. My recollection is that his answer was "No," and that my right honourable friend (Right Hon. Mr. Meighen) supported him in a timid "No." But, for support of my contention that equilibrium was the objective that we sought to reach through co-operation between the railways, we have only to refer to the Act, to the statement on the subject by the then Prime Minister, and to the speeches made in this House. Judge Fullerton may not be solely responsible for the failure to achieve this objective. I have no doubt that Sir Edward Beatty has always cherished the hope of maintaining his railway intact, of not making any sacrifices of power, capital or property belonging to his shareholders. I will not apportion responsibility for the failure between the heads of the two railways. What I am saying is that the trusteeship has failed. Look at the Act. Then take the statement of Judge Fullerton himself, in reply to my question, that with respect to bringing about equilibrium the trustees had failed.

My right honourable friend says that because of his responsibility as a public man he cannot agree to the changing of the present system, although a plan for change has been prepared by the Government and endorsed by two-thirds of the members of the House of Commons, fresh from the people. I ask my right honourable friend how long he can maintain the present system, even if he rejects this Bill? We all know that two of the trustees will retire by the end of the year, and that Judge Fullerton's term would last not longer than two or three years more. Then what would happen? He would not be reappointed. As my honourable friend from Winnipeg (Hon. Mr. McMeans) has stated, such a condition would be chaotic. After the Right Hon. Mr. Bennett became Prime Minister, Sir Henry Thornton sent in his resignation because he felt he had not the confidence of the Government of the day, and recognized that it was essential he should have that confidence.

Right Hon. Mr. MEIGHEN: That was more than a year after the election.

Hon. Mr. TANNER: Two years.

Right Hon. Mr. MEIGHEN: It took a good deal of thinking.

Right Hon. Mr. GRAHAM: He was a good railway man.

Right Hon. Mr. MEIGHEN: He was a slow thinker.

Hon. Mr. DANDURAND: My right honourable friend should remember that the present Government will have the responsibility for the administration of this system during the next four or five years.

Right Hon. Mr. MEIGHEN: It is taking that responsibility.

Hon. Mr. DANDURAND: It will not if my right honourable friend can prevent it.

Judge Fullerton has said that the way to reduce the deficit is to have increased traffic, greater car-loadings, more income,—which things are dependent upon greater prosperity. Well, Judge Fullerton has no special means of controlling the future to bring about prosperity. And he says he is not a traffic man; that it is not his business to attend to

traffic matters. I tell my right honourable friend that if it is not Judge Fullerton's duty to try to bring about equilibrium by the means indicated in the Act, then surely we should secure business men to administer the road and try to bring about those conditions in which, he says, lies the only hope for wiping out the deficit. I hope the successors of the present trustees will be men whose names inspire the confidence of Parliament and of the country. I should be greatly disappointed if the present Government, of which I am a member, were to weigh the seven appointees on the scale of political partisanship.

Right Hon. Mr. MEIGHEN: Does the honourable gentleman think they will be as good as those appointed by the Government in 1923?

Hon. Mr. DANDURAND: I may say that it was against my own view in 1923 that the board should be composed of representatives from different sections of the country. I could not see the wisdom of having one representative at, say, Prince Rupert, another at Halifax, and so on, as members of a board whose head office was in Montreal. I have always been opposed to regional representation. I feel that the directors of any very large organization must be able to work together daily, to devote their time and efforts to the problems that are constantly appearing. It is true that the provinces are interested in the railroad, as indeed all parts of Canada are. Ideal though it may seem to have the nine provinces represented on the board, I nevertheless hold to the view that the real function of a board is to direct. How can a board dispersed from the Atlantic to the Pacific direct the operations of such an immense system? My right honourable friend, at the opening of this session, thought I should be disappointed in my hope that the commission to whom was to be confided the question of employment would be composed of men of sufficient repute to be accepted by the whole country; but the gentleman we selected as chairman received the warm approval of my right honourable friend. I hope that when we meet next session he will admit we have shown business acumen in our selection of two men who will try to bring about results by their business ability. They are to be found. With all due respect to Judge Fullerton, I would point out that during virtually all his life he has been either on the Bench or the Railway Board discussing legal aspects of railway and other matters. All I ask is that this Government be judged by the men it will appoint and by the results they achieve in their management of the National Railways.

Hon. Mr. McMEANS: Will the honourable gentleman allow a question? Does he remember stating a few years ago on the floor of this House what a valuable asset the Canadian Northern Railway would be to Canada, and that we should derive an immense income from it, sufficient to pay off all debts?

Hon. Mr. DANDURAND: It is scarcely fair to base a question on a sentence taken from its context.

Hon. Mr. McMEANS: My honourable friend then made a prophecy.

Hon. Mr. DANDURAND: Are there very many prophets in this Chamber?

Hon. Mr. McMEANS: No. But I hope the honourable gentleman's prophecy this time will prove to be on a sounder basis than his earlier prophecy.

Hon. Mr. HORNER: I would adjourn the debate.

Hon. Mr. DANDURAND: No. I suggest the honourable gentleman ask His Honour to call it six o'clock.

Right Hon. Mr. GRAHAM: Before you call it six o'clock, Mr. Speaker, may I say to my right honourable friend opposite (Right Hon. Mr. Meighen) that if he voted for this measure he would be in just the same position as I was last session. Then I voted for several bills which I did not believe in—indeed I worked hard for their enactment—because I wanted to give the new system a chance.

Right Hon. Mr. MEIGHEN: So have I done this session.

Right Hon. Mr. GRAHAM: This measure amends one of the bills I voted for last session and helped day after day to put through.

Hon. Mr. GORDON: I wish the honourable leader of the House could give us the names of the directors.

At 6 o'clock the Senate took recess.

The Senate resumed at 8 o'clock.

Hon. R. B. HORNER: Honourable senators, I do not intend to take up very much of your time this evening, but in view of the fact that for two years immediately prior to the appointment of the present trustees I served as a director of the Canadian National Railways—

Hon. Mr. DANDURAND: Then the honourable gentleman is one of those who did so well during those years.

Hon. Mr. HORNER: Thank you. I was not one of the "yes men" to whom the honourable senator from Nipissing (Hon. Mr. Gordon) referred the other day.

I must say I should have preferred the honourable the leader of the Government to be frank, as was the Minister of Railways, and admit that as his party had secured the majority of the votes of the electorate they proposed to operate the Canadian National along political lines.

Hon. Mr. DANDURAND: Did he really say that?

Hon. Mr. HORNER: That is what I should have liked to hear from the honourable gentleman in preference to a personal attack on Judge Fullerton.

Hon. Mr. DANDURAND: I did not make any personal attack.

Hon. Mr. HORNER: It seemed like that to me. As far as Judge Fullerton's position is concerned, he was kind enough to make a report to the Government giving due credit to the directors who immediately preceded him; and I should like to point out that the Canadian National-Canadian Pacific Bill passed through this Chamber a year before the retirement of the directorate of which I formed a part. We were instructed to do what we could to secure co-operation, and to carry on along the same lines that the new board was expected to follow when it was placed in control. During my whole term the honourable senator from La Salle (Hon. Mr. Moraud) was on the board, as was also Trustee Labelle. It was then that these various savings were made.

Now I feel that it is my particular duty to express my objections to this Bill. I do not believe that we, or the people throughout the country, should have expected that Judge Fullerton and the trustees would be able to bring about co-operation between the railways. I do not think it was the intention. I listened to Judge Fullerton when he appeared before our Railway Committee, and I do not think he said he entirely failed. I do not think he admitted that.

Hon. Mr. DANDURAND: Oh, yes.

Hon. Mr. HORNER: I think he said that the problem was very difficult, but not impossible of solution. We certainly could understand that. Honourable senators must know the position the Canadian National trustees would find themselves in if they attempted to bring about co-operation with the C.P.R. within a year and nine months. It was never intended that they should do that.

While I am on my feet I want to say that I am in favour of public ownership. I know there are some people in this country to-day who are ready to oppose and decry any thought of public ownership or public operation. I suggest to them that they had better look around them and see what is taking place throughout the world to-day. We are fast moving towards the time when it will be the duty of governments to assist in co-operation, and when, whether we like it or not, there is bound to be a greater degree of public ownership than there is now.

From my experience with the Canadian National Railways I would say that system never had a chance to succeed under public ownership. Unfortunately for this country, and for the railway, the man who was secured to manage that great system was not at all the proper type.

The leader of the Government has said something about his view in regard to the selection of directors for this system. In the days of the last Government of the present Prime Minister there were three directors from the Maritime Provinces, three from Quebec, three from Ontario, one from Manitoba and one from British Columbia. There was no director from either Saskatchewan or Alberta. I have often wondered why that was. In the province of Saskatchewan there are 3,700 miles of Canadian National lines, and, as we cannot ship by water, we have the longest rail haul of any province in the Dominion. During the years I speak of, branch lines were being built in the province of Saskatchewan and the province of Alberta. In 1931, when I was asked to consider an appointment to the directorate of the Canadian National Railways, I said I would much rather have had it three or four years previously; that the proposal was somewhat tardy, and seemed like locking the door after the horse had been stolen, so far as the interest of the province of Saskatchewan was concerned. I mention this in connection with my statement that, as regards the Canadian National Railway System, public ownership has never had a chance.

It was generally considered that the Canadian Pacific had the southern part of Saskatchewan and the Canadian National the northern part. In 1929, when, if my memory serves me aright, the present Minister of Finance was the Minister of Railways, the Canadian Pacific Railway secured charters to

ut into the best part of the Canadian National's territory in Saskatchewan. The Canadian Pacific obtained running rights over two large bridges, one across the South Saskatchewan river at Fenton and the other across the North Saskatchewan at Prince Albert, as well as over one hundred miles of Canadian National track. The Canadian National had previously built west of Prince Albert to the south of Witchekan Lake. The Canadian Pacific then secured a charter to build north of that lake, the result being that the traffic was shared between the two roads and was unprofitable for both.

The Canadian Pacific built a line to Meadow Lake, tapping territory that would have been served by the Canadian National to Loon Lake. During my term on the board I was constantly being requested to do what I could to have the steel laid through the best part of the territory from St. Walburg to Loon Lake, a distance of thirty-four miles. The line that the Canadian National had built between these points was forty-one miles long, running over swamps and muskeg, through very poor territory, in order to serve a certain political friend of the then Government. Hundreds of thousands of yards of earth were sunk in that muskeg, and to-day the grade is there without steel. I fear there is now a danger of our returning to the system which produced such evils. It would have been a good thing had both Saskatchewan and Alberta been represented by directors on the Canadian National in that period when certain branch lines were being constructed.

We have heard criticism of Judge Fullerton on the ground that during his regime the morale of the men had fallen. The Good Book says, "Woe unto you, when all men shall speak well of you!" I assure you, honourable senators, that any man who accomplishes what it is necessary to accomplish on the Canadian National will not be spoken well of by all men.

I had a good opportunity of knowing the kind of morale that existed under the old system. Regardless of what ability a man had, if he could devise some means of advertising the president in a flattering way, his salary would be raised and his position thereafter secure. I could name instances. The president would go to a man and say: "You are getting only $10,000. That is not enough You will receive $15,000 in the future." On the other hand, if a man made any criticism, out he would go, even though he were one of the most valuable employees on the road.

I will tell honourable members about one man who was given a good salary at Vancouver for doing nothing whatever of value to the railroad. For the first six months that I was on the board I found it impossible to get information about this case, the employees being afraid to say a word until they felt sure it was safe to do so. However, I learned the facts later. This man had the use of a private railroad car, and in addition was supplied with a Buick automobile and a liveried chauffeur who was paid $150 a month. He had an office staff of three or four. Altogether the Canadian National was spending $40,000 a year on this favoured employee and his staff, and in return receiving no services other than perhaps something of a social nature. The lawns and grounds around his private house were improved at a cost of $4,000, paid for by the people of Canada. He was the cause of a great deal of dissatisfaction among railroad employees in Vancouver. My honourable friend from Parkdale (Hon. Mr. Murdock) will appreciate what I mean when I tell him that this man had no railroad seniority. Other employees, who had spent long years with the railway, wanted to know why one of their number should not have been given the job, if someone had to be appointed.

Here is another instance to show what the morale was like in those days. In the coach en route to Montreal I would overhear conversations like this between men who were unaware of my identity: "So-and-so, a conductor, was caught cold putting down money. But he went to Montreal and saw the big boss, and now he is all right and back at work."

There was a man who was paid, with his expense money, around $15,000 a year, and whose chief duty was to advertise the president. I am glad to know that the present head of the Canadian National Railways does not require any boosting at all. I have read somewhere that at banquets given in Rome three or four thousand years ago it was a custom to have the guests greeted by slaves and directed which foot to put forward first. The advertising man who was getting this big salary performed perhaps a service somewhat like that for the then president, and at other times acted as a kind of advance guard to see that the president's movements were advertised and his entertainment looked after.

I have here an interesting table of figures, an analysis of the cost of supervision on each of the two railroads. The table was handed to me by the honourable senator from Saskatchewan (Hon. Mr. Gillis), who assures me the figures are accurate. I shall read only a list showing comparative expenditures by each of the railways for salaries to the more highly paid officials.

	Thirteen Years 1923-1935
Superintendence Maintenance of Way and Structures:	
C.P.	$ 15,957,000
C.N.	42,608,000
Superintendence Maintenance of Equipment:	
C.P.	$ 8,210,000
C.N.	21,713,000
Superintendence Traffic (Excl. Steamships):	
C.P.	$ 13,937,000
C.N.	24,295,000
Superintendence Transportation:	
C.P.	$ 28,414,000
C.N.	46,077,000
Salaries and Expenses of General Officers:	
C.P.	$ 6,694,000
C.N.	10,938,000
Salaries and Expenses of Clerks:	
C.P.	$ 23,247,000
C.N.	47,741,000
Total Supervision:	
C.P.	$ 96,459,000
C.N.	193,372,000

Note: Canadian Pacific System includes gross of Telegraph and Express.

I think, honourable senators, that the operation of the Canadian National Railways is one of the most serious problems facing the country to-day. I am not acquainted with the present Minister of Railways, but I know what happened to the road in years gone by, during the administration of the present Prime Minister. I am not at all satisfied that we shall not see a return to certain bad conditions which existed in those years. Coming from the Prime Minister's own constituency, as I do, I may say that throughout the election campaign I did not hear one word uttered there to the effect that he intended to place the Canadian National Railways back under political control. I very much doubt that the result of the election would have been what it was had that been a plank in the right honourable gentleman's platform.

In closing may I say that I feel the Government should have waited at least another year before proposing any changes. I do not think it is fair to say that more should have been done by the present trustees than has been done. In my opinion no man living could have accomplished what the leader of the Government in this Chamber seems to think Judge Fullerton should have accomplished in the one year and nine months since he assumed the post of chairman of the board. It seems to me that the very best men obtainable will require at least four or five years, if not longer, to bring about the improvement my honourable friend seems to expect.

Hon. Mr. MURDOCK: If my honourable friend will permit me, I should like to say a word in justice to the Canadian National officials—and what I have to say will apply equally to officials of the Canadian Pacific. I understood my honourable friend to state that while sitting in a coach going to Montreal he had overheard men, to whom his identity was unknown, talking about a conductor who had, to state it bluntly, stolen money and had been placed back in employment after an interview with high officials at head office. I want to say that as a result of many years' experience I am unable to credit anything like that. I know the railroad officials of Canada too well to believe that such a thing could happen.

Hon. Mr. HORNER: The conversation certainly took place.

Hon. Mr. MURDOCK: I do not doubt that at all.

Hon. Mr. HORNER: And the gentleman who was said to have been interviewed was Sir Henry Thornton.

Hon. Mr. MURDOCK: I think the fellow who was telling the story was just "smoking up."

Hon. W. A. GRIESBACH: Honourable senators, in view of the vote which I intend to cast in this matter I think it is appropriate to put my opinions on record, and I shall do so briefly. I listened to-day to the speech of the right honourable gentleman who leads this side of the House (Right Hon. Mr. Meighen), and I believe the statements he made are incontrovertible. Furthermore, I am in entire agreement with the prophecies and fears which he expressed for the future. The question which we have to ask ourselves at this time, however, is: what would be the situation if this Bill were defeated? The Government, particularly the Minister of Railways, have hamstrung the board of trustees. Under the circumstances it is inconceivable that the business of this company can be carried on by these trustees. We are told that the term of office of two of the trustees, Mr. Morrow and Mr. Labelle, is about to expire. The evidence before us is ample proof that co-operation between the Minister of Railways and Judge Fullerton is impossible. If we voted against this Bill, what would be the situation? The honourable senior gentleman from Winnipeg (Hon. Mr. McMeans) said to-day there would be a state of chaos. I am in entire agreement with him. On the other hand, if I vote for the Bill, and it passes this House, I am fully persuaded a distinctly retrograde step will have been taken, and the result will be disastrous. I find myself in such a position that I must take refuge in the political situation which confronts us. A Government has recently come from the electorate with

an overwhelming majority, which implies the confidence of the people. It has deliberately chosen this step, and it must take the responsibility.

For the reasons I have given I cannot vote against the Bill. I must vote for it; but I do so with fear and trembling.

Hon. ARTHUR SAUVE: Honourable senators, I do not intend to vote against this Bill, although I do not approve of all its clauses. But my vote for the third reading must not be taken as indicating any antagonism on my part towards the board of trustees. On the contrary, I consider the members of that board have been thoroughly competent in the performance of their duties. I know Mr. Edward Labelle personally, and I have frequently had occasion to admire his ability and integrity.

I have now no competence to say that the remedy proposed by the Government will be an effective solution of our railway problem. However, I think it is the part of wisdom to allow the Administration to have a free hand and take full responsibility. The right honourable leader of the Left (Right Hon. Mr. Meighen) has made a forceful speech against the Bill, and it is possible that the future will confirm the wisdom of his opposition to it; but for my part, I repeat, I think it is well to let the Government assume full responsibility for the proposed change in the administration of the Canadian National Railways.

Hon. DONALD SUTHERLAND: Honourable senators, it is with a good deal of diffidence that I take part in this debate. During the few months I have been a member of this Chamber I have been observing the attitude of the older and more experienced senators. I must say I have been rather disappointed to hear some honourable members say, "Well, the Government is responsible, and it is not for this body to take part in such and such matters." In fact we were warned by one honourable member to be careful how we treated a certain measure, as there was a strong feeling in the country in favour of abolishing this House altogether. I have always had a great deal of respect for the Senate, for among its members there have been, and always will be, many wise, experienced and capable men. Their wide experience and ripe judgment are invaluable to this country, particularly at the present time.

With respect to this Bill, I am inclined to compare the railway situation to veins and arteries of the body. Whenever there is any congestion or obstruction we may be certain that our bodies will soon be in a very serious condition unless we take proper measures to restore health and effect a cure. It is an old saying that hope deferred maketh the heart sick. Well, my memory is pretty good on some matters, particularly in connection with railways, because I have always regarded them as the very arteries and veins on which we are dependent for the development of our country, and unless they are functioning properly everything else will be adversely affected. For that reason I would ask the indulgence of the House while I go back only a few years and deal briefly with some important railway events.

I was a member of the Ontario Legislature when the then Prime Minister of Canada introduced what was known as the National Transcontinental Railway Bill. The event is still fresh in my mind. Apparently he did so without having consulted his Minister of Railways, and many honourable members will recall the speech which the Hon. A. G. Blair made on that occasion in opposition to it. He was right, and the Government was absolutely wrong. Time has justified to the very letter every statement he then made, and has condemned the policy of the Government of that day. At the present time we are still paying the penalty for that blunder.

The honourable leader of the Opposition in this House this afternoon gave us a masterly review of the railway situation, and so enabled us to see very clearly what our duty is with respect to this Bill. He referred to the danger of a return to the old system of management, bringing the Canadian National Railways under political control.

As was pointed out this afternoon, we were forced to take over various railways, several of them bankrupt, which now form the Canadian National Railway System, and we had to assume their obligations. To-day it is our duty to see that the most efficient management possible be devised by the best minds of this country and put into operation. I do not know a great deal about the men who less than two years ago were appointed to the board of trustees, but I do know that many of our strong party papers, particularly those supporting the Liberal party, have been rather complimentary in their references to the work of the board of trustees during the past two years. The Winnipeg Free Press cannot be considered as very favourable to the Conservative party; in fact it has nearly always been a staunch supporter of the Liberal party; yet as recently as March 27 of this year there appeared in that paper a leading editorial reading in part as follows:

Just what the depression did to the Canadian National in reducing its volume of traffic, is clearly set forth in the report.

That is, the report of the railway board.

As against this, are the hopeful features of the present situation—the improvement in the returns from every branch of the system on land and water, resulting from a betterment of economic conditions, and the prospect of a further moderate improvement, at least.

The average operating revenue was reduced from $285,000,000 in the five years 1926 to 1930, to $169,000,000 in the five years 1931 to 1935. That is a drop of 41 per cent. The net revenue after payment of operating expenses averaged $42,644,000 in the first five years, and $8,003,000 in the second period.

And after payment of interest on the funded debt, the average income deficit was $9,542,000 in the first period—it was within that amount of breaking even, according to any reasonable conception of the position and real obligations of the Canadian National—but in the period of the depression, when the traffic fell away so sharply, the average income deficit after payment of interest on the funded debt was $56,075,000.

But this will be changed for the better again as the country gets back toward normal conditions. The movement in that direction during 1935 is reflected in every part of the financial statement of the railway system for last year.

Gross operating revenues increased by $8,282,000, or 5·2 per cent, which compares reasonably well with an increase of 5·5 per cent on Class A railways in the United States. Freight revenues increased by $7,626,000, or 6·05 per cent. There was an increase in tonnage in all divisions. Operating expenses increased by 4·6 per cent, as compared with 6·3 per cent on Class A railways in the United States. The operating ratio of the system was improved from 92·14 per cent to 91·77 per cent.

The interest charges on the funded debt are being reduced by $2,800,000 by refunding transactions undertaken last year. The interest charges due to the public this year will be reduced to $49,715,000. This will be a reduction of $7,250,000 from the peak of 1932.

The Canadian National (West Indies) Steamships, Limited, had last year for the first time an operating profit. The amount was $200,000, as against an operating deficit of $96,000 in 1934. The Canadian Government Merchant Marine had an operating profit of $311,000, as against an operating deficit of $127,000 the previous year.

That is the result of the operation of the Canadian National Railways by the board of trustees for nearly two years.

I contend, honourable senators, that the Government has no mandate to do the very thing which it is doing by this Bill. In fact such a policy has been denounced by none other than the present Prime Minister, Mr. Mackenzie King, in a speech which he made in North York in 1925. This is the Globe report of September 7, 1925. In dealing with the railway problem he says:

Hon. Mr. SUTHERLAND.

It is one of the fundamental principles of the Liberal party to ensure that the control and management of the National Railways is divorced completely from political influence and control.

That was his statement when he was appealing to the people of this country.

Now that he is in office, some honourable gentlemen contend that he has a mandate from the people of the country. Did the Prime Minister discuss this matter with the people of the country before the last election? I venture to say that he did not go on one platform anywhere in the country and intimate that if his party was returned the railway would come back under political control, or that it would be the right of the Government to do with it whatever it thought fit.

Judge Fullerton, the chairman of the board, who was responsible to Parliament, is being replaced by Mr. Hungerford, who was also on the board of trustees last year.

Right Hon. Mr. GRAHAM: He was not a trustee. He was the titular president and manager of the road.

Hon. Mr. SUTHERLAND: That makes my argument all the stronger. I have here a booklet entitled "The Railway Situation of 1921." I cannot vouch for its accuracy, but I know that some honourable gentlemen on this side of the House will not dispute it. It is issued by the National Liberal Committee, 145 Sparks Street, Ottawa, and bears the name of Hon. W. L. Mackenzie King, Liberal leader, and Andrew Haydon, National Organizer and General Secretary for the Liberal Party. This booklet goes very fully into the railway situation, and among other things deals with the gentleman who is to be made president of the new board, and to be responsible to the Government. The present Government did not always have such a high regard for the ability of Mr. Hungerford as it would appear to have to-day. This article is headed, "Unable to tell Committee cost of operating trains," and reads as follows:

Mr. S. J. Hungerford, Vice-President in charge of operation and maintenance of the Canadian National Railways, was on the witness stand on April 27. Mr. Hungerford is supposed to be an expert on railway operation; in any event he is in charge of the operation of our Government system. He should know every detail of the operation of all trains, but when the Hon. Chas. Murphy asked him what the cost was of operating a service between Ottawa and Montreal or Ottawa and Toronto, or in fact between any two given points, this Vice-President, this expert on railway operation, the very man upon whom the success or failure of operating our Government system depends, replied: "I do not think it is possible to determine it."

Just imagine the man in charge of operations saying that he cannot tell how much it costs to operate a Government train between two given points.

This is the gentleman who is now selected to save the situation and to put the railways of Canada on a paying basis.

Honourable members, as far as I am concerned, I am going to vote against this Bill even though I should never have an opportunity to vote in this assembly again. I hope the honourable senator from Parkdale (Hon. Mr. Murdock) will not be terrorized by the fear that an enraged people will attempt to abolish the Senate and deprive him of the position he now occupies. My duty is very clear, and I am going to vote against the Bill.

Some Hon. SENATORS: Question!

The Hon. the SPEAKER: The question is on the motion for the third reading of Bill 21, an Act to amend the Canadian National-Canadian Pacific Act, 1933. Is it your pleasure to adopt the motion?

Right Hon. Mr. MEIGHEN: On division.

Right Hon. Mr. GRAHAM: Carried on division.

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

COMBINES INVESTIGATION BILL

COMMITTEE'S AMENDMENT CONCURRED IN

The Senate proceeded to consider the amendment made in Committee of the Whole to Bill 97, an Act to amend the Combines Investigation Act.

Hon. RAOUL DANDURAND: Honourable senators, the Bill that came to us from the House of Commons, amending in two particulars the Combines Investigation Act, has been amended in Committee of the Whole by the rejection of the principal clause. I desire just a few moments to express my dissent, and to register my vote against concurrence.

Right Hon. Mr. MEIGHEN: Concurrence?

Hon. Mr. DANDURAND: Against concurring in this amendment. I shall preface my remarks by stating in a very few words what I believe to be the situation with regard to this Bill, which is said to be amended.

Mergers and combines generally bespeak monopoly. There may be good combines or bad ones. The law seeks to reach and to dissolve the bad ones.

I think we all recognize that in industry there are three interested parties: capital, labour, and the consumer. Capital, generally speaking, is the product of labour. Sometimes it is the product of something else, but from the outset we all have recognized it as the accumulation of savings resulting from labour. Labour in industry represents a very important element. While it is not equally important in every industry, there are industries in which it is a very large factor indeed. The consumers are the public.

I believe that capital, when it takes the form of a monopoly in industry, should be controlled. We know what human nature is; that there is frequently a considerable appetite, and in some well known instances greed, for profit. I have not reached my present age without giving some thought to the industrial problems and to the conflicts that appear all over the world between capital and labour. I surmise, and I venture to express the opinion, that the solution of the problem of to-day, and probably of to-morrow, is to give labour representation on the directorates of industries which are monopolistic in character.

I may be asked why labour should be represented on a board of directors.

Right Hon. Mr. MEIGHEN: Are we not on the Combines Act?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Not the Railway Act?

Hon. Mr. DANDURAND: I am just coming to it.

Right Hon. Mr. MEIGHEN: You are not on it yet.

Hon. Mr. DANDURAND: I am next door to it.

Why should labour be represented on the boards of industries which are monopolistic in character? I believe that we are rapidly moving towards the day when it will be an accepted formula that capital is entitled to a fair dividend, to protection for the future by means of a depreciation reserve to be set aside annually, and to a reserve for lean years, or years of depression, and that when these three things have been provided for —depreciation, reserve, and dividend—a share of the profit shall go to labour.

Hon. Mr. McMEANS: There is no dispute about that.

Right Hon. Mr. GRAHAM: The dividends are nearly all disputed now.

Hon. Mr. TANNER: What per cent would you give?

Hon. Mr. DANDURAND: We can take that up on a future occasion.

I come now to this Bill. What about the protection of the consumer against a monopoly? The only protection for him that I can see is in the working of the Combines Investigation Act. When I come to the consumer, which means every respectable person in the country, I feel that every monopolistic industry should be subject to the X-ray of the Combines Investigation Act.

Mr. BALLANTYNE: Are you going to ask the Montreal Cotton to start with this new programme?

Hon. Mr. DANDURAND: Perhaps. Dominion Textiles might have increased its capital less rapidly if labour had been invited to share in the profits.

Now I come to the Bill itself. My right honourable friend (Right Hon. Mr. Meighen) has expressed fears for the witnesses who may be called before the investigator with documentary evidence. I should like to read the clause that we debated yesterday, just for the purpose of one argument. Here is the clause:

> No person shall be excused from attending and giving evidence and producing books, papers or records, in obedience to the order of the Commission, on the ground that the oral evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such oral evidence so given shall be used or receivable against such person in any criminal proceedings thereafter instituted against him, other than a prosecution for perjury in the giving of such evidence.

I have emphasized the fact that any person may be summoned by the investigator to produce documents—books, papers and any other records. In addition to producing such documents a person may give evidence, but that will not militate against him if he is put on trial after the investigation. Once the documents have been produced, they, or copies of them, will be filed by the investigating official. The person producing them will not run the risk of being confronted later with any statement he may make concerning them, because his oral evidence cannot be used against him at a trial. Only the documents themselves may be used in the event of a trial.

Therefore I cannot understand why the word "documents" should be left in the proviso from which the Bill would delete it. The House of Commons has twice voted in favour of deleting the word, in order that the trial of anyone accused of combining may not be impeded, as it must be while the word remains. I wonder why we should insist upon its retention, since, as I say, the oral evidence of the person producing documents cannot be used against him at a trial. My right honourable friend fears that the fact of a man being examined and making certain admissions with respect to a document may weaken his defence, should he later be put on trial and the document be produced. It seems to me that that stand implies too paternal an interest in parties accused of having combined contrary to the law. It seems to me also to imply a fear that justice may prevail against such person. I am not disposed to go so far towards protecting anyone against whom a report of participation in an alleged combine may be made. In the light of the opinion of the law officers and of the gentleman responsible for administering this Act, Mr. Justice Sedgewick, I hold that if documents produced at an investigation cannot be used later at a trial the administration of justice will be impeded.

Hon. Mr. McMEANS: May I ask the honourable gentleman a question? What is it that the commission wants to cure by this amendment? As I understand the matter—I have not gone into it at all—an accused person is protected by the law of evidence and the common law of the realm. Does the commissioner want these laws abrogated in order that some purpose of his own may be served?

Right Hon. Mr. MEIGHEN: He wants only one abrogated.

Hon. Mr. McMEANS: Does he want to change the law of the country to suit himself?

Hon. Mr. DANDURAND: No.

Hon. Mr. McMEANS: Then we ought to be careful.

Hon. JAMES MURDOCK: At this late stage of the session I would not rise to take part in this discussion were it not that I feel somewhat obligated to say a few words on the matter. I should have been to some extent handicapped in presenting any material argument on the question yesterday. As to the question asked by the honourable the senior senator from Winnipeg (Hon. Mr. McMeans), I think we had better ascertain whence arose this whole point about documents. Well, it arose right here in the Senate, on July 3, 1935, hardly a year ago. Prior to that time the Combines Investigation Act did not make the exception with respect to documents that it now does. Would it be improper for me to suggest that in this controversy—for that is what it is—we are surely proving that great minds do not always think alike?

Hon. Mr. McMEANS: Yours and mine.

Hon. Mr. MURDOCK: For instance. But I do not place mine in that category, for I do not consider that I have a great mind on legal questions. I have, however, a slight knowledge of some interrelated activities in connection with this matter, and I think it should be placed upon record.

Hon. Mr. McMEANS: You are too modest altogether.

Hon. Mr. MURDOCK: Let us analyse the record. This question arose in British Columbia in 1926, when, incidentally, the combinesters were fined $25,000 each. I think it well that this information should be placed on Hansard. I am quoting from page 6 of the Registrar's Third Report of Proceedings under the Combines Investigation Act, 1926:

> The admission of evidence of letters and other documents seized by Mr. Duncan during his investigation under the Combines Investigation Act was objected to by the defence on the ground that the statute stipulated that such documents would not be used against the person producing them in any criminal proceedings subsequently instituted against him except in a case of perjury. After hearing argument on this point by the opposing counsel, Mr. Justice McDonald ruled that documents which were obtained from the defendants by Mr. Duncan in any manner other than production by a witness in giving evidence before him were admissible against the defendants on whose premises they were found. Mr. Duncan accordingly produced such documents as came within this ruling and the same were admitted in evidence.

Now, will honourable senators please listen to this?

> When the Crown's case concluded on February 24, a motion by counsel for Miss K. A. Gibson, of Mutual (Vancouver), Limited, to dismiss the case against her was refused by the court, but Mr. Justice McDonald stated that he would instruct the jury not to convict her on the ground that she was acting under instructions and was not credit manager of the firm. Counsel for the other defendants moved to withdraw the prosecution from the jury, contending that the Crown had failed to prove the accused were parties to a conspiracy, but the court's decision was that the case must go to the jury against all defendants and the defence were instructed to reply to the Crown's charges.

Right there the question came up of securing the necessary documents, books and information which it was believed conclusively proved or disproved whether the parties who were alleged to be in a combine were or were not actually in it.

In 1935 there came to us from another place, under a Government led by a distinguished legal gentleman, who, I presume, knows legal parlance and practice as well as any honourable senator in this House, a proposed revision of the Combines Investigation Act, which did not have reference to the question we are now discussing. On July 3, the right honourable senator from Eganville (Right Hon. Mr. Graham), speaking for the Standing Committee on Banking and Commerce, presented to this House the amendment made to Bill 79, an Act to amend the Combines Investigation Act:

> Page 6, line 41. For "oral evidence so given" substitute "evidence or documents so required."

I was not a member of the Banking and Commerce Committee in 1935, nor am I yet, but I have always tried to attend important meetings of the committee. I well recall the discussion and the votes of those who dealt with the question at that time. I know in my own mind whence came this proposal to insert the word "documents." I think it is only fair to me to say what my judgment was in that respect. The right honourable gentleman who then led the House (Right Hon. Mr. Meighen), and who this afternoon so ably discussed other questions, was, I think, the most insistent that the word should be inserted. A little later I shall state where I think he got the suggestion or—may I say without impropriety?—inducement to make a proposal of that kind. I think it ought to be dealt with in order that the record may be completed. Then, as chairman of Committee of the Whole, I heard him give his views upon this particular question. Whether we agree with the right honourable gentlemen or not, every member of this House, I am sure, is always glad to hear him in plain, unvarnished English state his views.

I repeat, I am not a legal gentleman. Let us see whether his law is sound and borne out by the facts. Yesterday we heard him say that in a murder trial documentary evidence secured as under the Combines Investigation Act could not be used against the accused. May I refer to the Security Frauds Prevention Act of 1930? I quote the latter part of subsection 1 of section 10:

> —no person shall be entitled to claim any privilege in respect of any document, record or thing asked for, given or produced on the ground that he might be incriminated or exposed to a penalty or to civil litigation thereby and no evidence given shall be privileged except under The Evidence Act and The Canada Evidence Act, and save further that no provisions of The Evidence Act shall exempt any bank or any officer or employee thereof from the operation of this section.

Next let me cite the Public and Departmental Inquiries Act. Yesterday the right honourable gentleman opposite, I understand, laid stress upon the assertion that persons brought before the Combines Investigation

Commission were not allowed counsel to defend them. I think a reading of the Combines Act will show that is not correct. I quote section 13 of the Public and Departmental Inquiries Act:

> No report shall be made against any person until reasonable notice shall have been given to him of the charge of misconduct alleged against him and he shall have been allowed full opportunity to be heard in person or by counsel.

Now, am I justified in holding certain views as to what this is about and whence it came? Let us imagine a situation within the last two or three years. Certain individuals undertook to bring about a combination whereby they would be able to exploit a large and important section of the consuming public of Canada. We find in such a case the possibility of a bogus set of books prepared for the purpose of holding back the facts or definite information relative to the combine. Those "phoney" books are placed before the commissioner making the investigation. With what result? Well, under the present law, which was not the law then, such "phoney" books could not be referred to in a prosecution for an attempt to sandbag—I am using a railroad term—the consuming public of Canada. Presumably the actual books, if they could be impounded or secured by the Mounted Police or in any other way, being alleged to be the proper documents of the firm, would be evidence and would be placed before the commission. If the Senate, in its great knowledge, wisdom and experience, is really desirous of dealing fairly with the people of Canada, I am very anxious to know whether it wants to perpetuate a condition of that kind.

Let us not forget the 5th day of July, 1935. We had an amendment handed to us. We were hurrying right up to the last minute, with no chance, maybe, to deal with some important matters. If that amendment is going to stand, what about one concern which the public suspects, rightly or wrongly, has been sandbagging or holding up the people of Canada—a concern, let us say, which some years ago invested half a million dollars in its business and then proceeded to reimburse itself by inordinate profits and in the course of a few years enriched itself to the tune of $15,000,000 odd? In the investigation of a concern of that kind, if this Bill is rejected, there is the invitation: "Come right in and bring the worst documentary evidence you have, and we cannot do a thing with you, because we cannot use it if you are insistent and put in the documents before the investigating commissioner." Oh, I know the right honourable gentleman opposite and other honourable senators will say that you can issue a subpoena and get this or that document. No, there will not be any chance to do that, for this law is an invitation to come and shove documents into the hands of a commissioner under the Combines Investigation Act just as soon as anyone intimates to some individual trader he is under suspicion. All that fellow has to do if he is as guilty as hell—pardon the expression— is to present the worst evidence that can be produced against him, his own books and documents, and then he is free under the law. Yet the common people are looking for a square deal under such conditions!

I come now to another phase. I regret a great deal more than any of you can imagine to be impelled to say whence came this proposal. I think I know the facts better than any other member of this House. I say that with all due respect to the right honourable gentleman opposite (Right Hon. Mr. Meighen). This amendment is a thought born at an investigation held in a city in the province of Ontario, where the high-class and capable gentleman who now is an official of this Senate was abused—improperly and unfairly treated—by a certain commissioner; in fact, as I understand, he was put out of the room. There was no justification for what that commissioner did to our distinguished friend. There and then, in my judgment, this idea of documents being made immune from further consideration was born, and he developed it and kept it alive until it came to us in 1935 on the advice of our distinguished friend—advice which, I am quite sure, the right honourable leader opposite, as well as myself, regarded as high-class. I think the whole thing is born in resentment against injustice, without any regard to the possibility of greater injustice that may be done to deserving consumers and producers in this country, who may require some of these documents secured by the attendance of witnesses.

When the right honourable gentleman opposite was talking last night about murderers and other criminals, and their being protected against evidence of this kind being used against them, I wondered about a person, let us say, "shoving the queer"—passing out counterfeit money. If he were suspected and arrested, and he happened to have an inside pocket full of "phoney" $20 and $50 bills, surely all he would have to do, should the theory enunciated by the right honourable gentleman opposite be correct, would be to pull the bogus bills out of his pocket and say: "Here they are; take the evidence. You cannot use these against me."

Of course, legal gentlemen will say, "No, a comparison of that kind would be too inapt." But the point is this. The chairman of the Tariff Board heads the commission which handles the Combines Investigation Act. I am not acquainted with him, but I have heard nothing but excellent reports of his courage, independence and ability. Last night the right honourable gentleman opposite read a portion of a letter written by Judge Sedgewick to the Prime Minister, stating his views on this Bill. I have quoted briefly what Mr. Justice McDonald said in 1925 in respect to documents which at that time were received. Then we have the views of the Deputy Minister of Justice, which, I presume, are those of the Minister of Justice, as this Bill received his approval. I dislike very much to do an injustice to any man in thought or word, but my firm, positive conviction is that only two distinguished gentlemen are wedded to these words, which they were insistent on putting into the law of 1935, and are equally insistent to-day on retaining there.

Someone may say, "It does not matter much what you think." I realize that, but it is my personal judgment that the rank and file of Canadians throughout the length and breadth of this country will not believe they have any chance of getting a square deal under the Combines Investigation Act if this horrible perversion of justice—for I can describe it as nothing else—is permitted to remain in the law. It is a horrible perversion of justice in that it contemplates—yes, invites and coaxes—the worst combinester or the biggest crook to bring in the most convincing documentary evidence he possesses, so that for ever afterward he may be immune from having it referred to again. I doubt that the Senate of Canada can maintain its reputation as a reasonable and proper protector of the ordinary citizen of Canada if it adopts to-day the particular amendment made yesterday to the Combines Investigation Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, I certainly do not desire to labour this matter any longer. I spoke on it yesterday as clearly as I could. I was convinced that the proposed enactment was a wholly unnecessary departure from the common law of England, and of Canada, in respect of persons who subsequently might be accused. If I was right in my argument, there is no more need of this law than there is of another Parliament Building on this hill.

I am afraid that yesterday I did not speak to very much effect. Perhaps there is very little use in my speaking any more. I do not feel at all dismayed that I did not convince anybody, but I must admit that I feel much discouraged when people do not know what I have been talking about. When I cannot make myself understood I think it is almost time that someone else took my place.

Hon. Mr. MURDOCK: Please do not say that.

Right Hon. Mr. MEIGHEN: If it be a fact that by means of the provision that documentary evidence cannot be used, any more than oral evidence, against a person who has gone into the witness box and produced it, he will be able to put in any evidence he likes and secure immunity from that evidence in any subsequent prosecution, then anybody who would suggest leaving out documents or documentary evidence, as being in the same position as oral evidence, would be a fit subject for a psychiatric examination or the penitentiary. He is either lunatic or inane.

Hon. Mr. MURDOCK: I suppose that applies to Judge Sedgewick and to the Deputy Minister of Justice.

Right Hon. Mr. MEIGHEN: This is an assembly of gentlemen, and honourable gentlemen. The leader of the Government knows as well as I do that no such thing would be possible. Would he stand in his place like a man and say so? He knows that no evidence can be put in except with permission and authority of the tribunal before whom it is to be placed. The idea that a man can bring in a document against the will of the commission, and make it evidence, is so absurd that I think the leader of the Government owes it to me and to his colleagues to say that such a thing is impossible and ridiculous. I think that honourable gentlemen opposite who know this just as well as I do ought to say so. They should not let it go out from this House that anybody would stand sponsor for such an utterly scandalous and silly proposition.

Hon. Mr. DANDURAND: I should like my right honourable friend to answer me this question. I do not doubt his sincerity. We may disagree—

Right Hon. Mr. MEIGHEN: The honourable gentleman does not disagree. He knows that nobody can put in evidence against the will of the tribunal in order to help himself.

Hon. Mr. DANDURAND: I put this question. The general manager of a corporation which is accused of violating the Act receives a subpoena to produce all his books, records, and so forth.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: He produces them.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: Does my right honourable friend believe that he will not be immune from the necessity of producing those documents in a trial that will follow?

Right Hon. Mr. MEIGHEN: Will not the honourable gentleman stick to the point? He knows I was not talking of that. Certainly, if the tribunal decides it wants a document, and summons a man to produce it, and makes him a witness, under the amendment before us that document cannot be used against him. I know that. But the argument is made that without being asked for a document at all, without being summoned, all a man has to do is to come in and force the document on the tribunal. That is what is argued by the honourable senator from Parkdale (Hon. Mr. Murdock).

Hon. Mr. MURDOCK: I argued no such thing. I argued that they could go in, as the right honourable gentleman knows, and lay down the evidence you were after, and thereupon it would become immune.

Right Hon. Mr. MEIGHEN: It is impossible to argue further with the honourable member, and I will not try. The House can do as it likes. But I think I should make an appeal to the honourable senator opposite (Hon. Mr. Dandurand) to do something I cannot do—to correct the honourable member (Hon. Mr. Murdock). I shall think a good deal more of him if he does it, because I know we agree.

Hon. Mr. DANDURAND: That does not settle my difficulty.

Right Hon. Mr. MEIGHEN: No. The honourable gentleman's difficulty is something else altogether. I was just asking him to do that.

Hon. Mr. DANDURAND: Of course I need to read the clause:

> No person shall be excused from attending and giving evidence and producing books, papers or records, in obedience to the order of the Commission, on the ground that the oral evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such oral evidence so given shall be used or receivable against such person in any criminal proceedings thereafter instituted—

Right Hon. Mr. MEIGHEN: That is not the point at all.

Hon. Mr. DANDURAND: The question my right honourable friend puts is this: Can a person bring in documents—

Right Hon. Mr. MEIGHEN: That are not asked for.

Hon. Mr. DANDURAND: —without being summoned to do so, and present them to the Board—

Right Hon. Mr. MEIGHEN: Yes, and make them evidence.

Hon. Mr. DANDURAND: —and then protect himself against the use of those documents?

Right Hon. Mr. MEIGHEN: Yes, without the consent of the tribunal. Will the honourable gentleman answer that?

Hon. Mr. DANDURAND: I am somewhat in doubt as to the extent—

Right Hon. Mr. MEIGHEN: Oh, no!

Hon. Mr. DANDURAND: I confess that if I sat down to give an opinion to a client who presented himself and asked me if he would be immune under this or that set of circumstances—I am simply asking myself—I doubt that he can present himself unless he is summoned to—

Right Hon. Mr. MEIGHEN: Certainly, he cannot present evidence unless it is asked for.

Hon. Mr. DANDURAND: But if he is summoned, and brings the documents—

Right Hon. Mr. MEIGHEN: I admit that. I should like it if the honourable member would state that frankly. I would have done it for him in a moment. I would not have let anybody, without my objection, represent that such a thing was possible under the law. It is so ridiculous it shocks the conscience.

I shall only refer to the point brought up by the honourable senator (Hon. Mr. Murdock) with regard to the Security Frauds Prevention Act, when he spoke of a person having no protection except that given under the Evidence Act. That is all I am asking for here. Why should it not be granted?

One more word and I sit down. I am not going to repeat all that I said yesterday; but it has been represented to me by one for whom I have a great regard in respect of the law, that if a secretary, say, is summoned to produce a document and does so, it is a production by the company, and, because this really deals with company matters, the company would be exempt from the use of that document against it in a subsequent prosecution. In every respect I differ wholly. This is not a section that has to do with the procuring of something; it has to do with the protection of a witness. Just read what it says. I am saying this more for the purpose

of having it appear in the record, to be read by the party to whom I refer, and whose name I would rather not give, than for any other reason. The section says:

No person shall be excused from attending and giving evidence and producing books, papers or records, in obedience to the order of the Commission—

Imagine someone saying he could force this thing on the Commission! It is a scandalous thing to say.

—on the ground that the oral evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such oral evidence or documents—

—as we think it should read—

—so required shall be used or receivable against such person in any criminal proceedings thereafter instituted against him...

Who is in contemplation in the section? It is the person who can attend and give evidence and produce documents. The section deals with his protection. The evidence given, whether documentary or oral, must be given by a person who can attend and give evidence and produce documents. Nobody but a human being can do that. Only a human being who can attend and give evidence and produce books is in contemplation under this section, and he is the only person who is protected. A corporation is not protected at all, whether it is a coal combine, or the textile industry—I think that is the one that was mentioned under cover—or the plumbers' organization that is being investigated. No company is interested in this in any way at all, because no company can be a person. A company can produce through its secretary, but it cannot attend and give evidence or produce books. It is only such a person who is protected here. Now, have I made that clear? Really it is only individuals who are concerned at all; corporations have not a bit of interest in this. If the commissioner thinks there is an individual who perhaps should be prosecuted, he can have a search warrant issued—

Hon. Mr. MURDOCK: As the Act is now, does it not offer a means of protecting the real crook?

Right Hon. Mr. MEIGHEN: That certainly is not the purpose behind the wording. As I was saying, the tribunal can always get documents from a company on a search warrant. There has never been the slightest trouble about that. One would think that the whole question of the liberty of the common man was at stake. What humbug we do talk in this House at times! I hope I am not guilty, but maybe I am.

I have no more to say. I have been trying to answer a gentleman whose opinion I know is valuable, and who is quite honest and earnest in his attitude towards this subject. But he is wrong in thinking that a company could ever be protected by the present Act, because there is no question of a company being considered at all. The protection applies only to a person who can give evidence and produce documents. And of course a person could no more protect himself by trying to select his own evidence and forcing it on the court than he could by jumping in through the window and shooting the judge.

Hon. Mr. DANDURAND: Suppose a company were sued, after an inquiry at which evidence had been given and documents produced by one of its representatives, might it not put up the defence that its documents were therefore not receivable in court? I am not sure that such a defence might not be offered.

Right Hon. Mr. MEIGHEN: Nor am I. Such a defence could be made, I admit, but it could not be sustained before any good judge.

Hon. Mr. MURDOCK: It was sustained in British Columbia.

Right Hon. Mr. MEIGHEN: No, it was not.

Hon. Mr. MURDOCK: I beg your pardon.

Right Hon. Mr. MEIGHEN: I heard of that case.

The amendment was agreed to: contents, 16; non-contents, 5.

Hon. Mr. KING: Honourable senators, I was paired with the honourable senator from Kootenay (Hon. Mr. Green). Had I voted, I should have voted against the amendment.

Hon. Mr. PARENT: Honourable senators, I was paired with the honourable senator from West Central Saskatchewan (Hon. Mr. Aseltine). Had I voted, I should have voted against the amendment.

THIRD READING

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

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

INTERNAL ECONOMY COMMITTEE REPORTS

CURATOR OF READING ROOM

Hon. W. A. SHARPE moved concurrence in the eleventh report of the Standing Committee on Internal Economy and Contingent Accounts.

Hon. Mr. LACASSE: Honourable senators, I understand that this report refers to one of the curators of the Senate reading room.

Hon. Mr. SHARPE: That is correct.

Hon. Mr. LACASSE: I do not feel like giving the stamp of my approval to this report. There may be much to be said in favour of the report, but I believe that at this late stage of the session we need not adopt the course which the committee recommends and which, I submit, in the circumstances would result in rather drastic treatment of an old servant of the Senate. In my opinion the facts that were stated before the committee do not justify the recommendation which has been made. I therefore move that the report be not now concurred in, but be further considered at a later date.

Hon. Mr. SHARPE: May I ask my honourable friend what he objects to in the report?

Hon. Mr. LACASSE: I do not object on the ground of the age of the curator, because I have satified myself that the age that was mentioned before the committee is correct. I may say to my honourable friend that since the beginning of to-night's sitting I have come into possession of some information corroborating certain things that he told me. What I am concerned about is this. The report recommends the retirement of an old employee of the Senate, whose services we have enjoyed for many years. It is true that he was obliged to absent himself from his duties a few weeks this present session, but that is something which may happen to anyone. At any rate, I submit we certainly should not consider it in the same light as if it were wilful or deliberate neglect of duty.

I was late in arriving at the sitting of the committee when this case was being dealt with. So I do not accuse anyone of unfairness or injustice with regard to the recommendation in the report. My main point is that if we adopt the report we are likely to cause an injustice to a man who has served the Senate well over a long period of years. My second point is this. It would seem to be rather unfair, to say the least, to retire this old servant now, in the last days of the session, when for some time to come his services will not be required as regularly as they are while Parliament is sitting.

Hon. Mr. SHARPE: Honourable members, the gentleman referred to in the report is one of the curators of the reading room. During almost the whole of the present session he has been very ill and able to be at his work only rarely. He is over sixty-six years of age. The report recommends that he be retired on full pay for six months and that then he receive superannuation, which will amount to from $1,200 to $1,500 a year. I think there can be no complaint about the proposed treatment of him.

Hon. Mr. COTE: What is the condition of his health now?

Hon. Mr. SHARPE: Very bad.

Hon. Mr. COTE: Can he attend to his duties?

Hon. Mr. SHARPE: No. He comes up to the building to button-hole senators, asking them to see that he is retained in the service. He is not doing any work at all at present.

Hon. Mr. COTE: If his health is such that he can recuperate before long and resume his duties, the fact that he is sixty-six years of age is no reason why he should be retired on superannuation at this time. It is because I hold that view that I inquired as to the state of his health.

The motion was agreed to.

SECOND ASSISTANT CLERK AND ARCHIVIST

Hon. Mr. SHARPE moved concurrence in the twelfth report of the Standing Committee on Internal Economy and Contingent Accounts.

Hon. Mr. DANDURAND: Honourable senators, I was apprised only yesterday of the decision of the committee to amend the plan of organization of the Senate by cancelling the position of "Second Assistant Clerk, Editor and Chief Translator of French Debates, Senate" and substituting therefor "Second Assistant Clerk and Archivist." The position which it is proposed to cancel was occupied by a gentleman who has since been transferred to the Civil Service Commission. It has remained vacant ever since. However, it may be important before long to fill the position again. The translator of our Hansard has been transferred to the Bureau for Translations. I agreed to the transfer in 1934 in the hope that our translation would be at least on a par with the translation of the House of Commons debates. I am disappointed in the results, and my disappointment is shared by others. Instead of our debates being sent to the Bureau to be dealt with as rapidly as are the speeches of the

Commons, the Bureau detailed two of its translators to the Senate and then appeared to lose interest in the work going on in our part of the building. One of the translators fell sick, and for a number of weeks his colleague has had to cope with all our work. This has resulted in considerable delay in the translation of our Hansard.

I think we shall soon have to decide to reorganize our translation staff. The Clerk of the Senate, who has the standing of a Deputy Minister, advises me that a second assistant clerk and archivist is not needed. He concurs in my idea that the chief translator of our laws should be given the two positions, so that he may superintend the translation of both our laws and our Hansard. I think the plan can be carried out, and for that reason I would suggest that this report be not concurred in.

Hon. Mr. KING: Honourable senators, I dislike very much to have to take a position in opposition to my leader.

Right Hon. Mr. MEIGHEN: I will support him.

Hon. Mr. KING: The Standing Committee on Internal Economy and Contingent Accounts is, I believe, designed to look after the convenience of senators to see that they have proper accommodation and staff. Last session I had occasion to move that this position be filled by a person who would give his services to individual senators—not to the leaders, who have paid secretaries. It is necessary that we should have somebody to do research and other work for us from time to time. As soon as I made my motion the right honourable leader opposite (Right Hon. Mr. Meighen) said, "Your friend is not a translator, and therefore he is out." He was quite right. This year we have suggested that the position of translator should be changed to that of Second Assistant Clerk and Archivist. My honourable leader does not favour the change, and says that it will be necessary to appoint a translator. If he refers to the Act passed last session, I think he will find he has not a chance of having such an appointment made.

Hon. Mr. DANDURAND: I think my honourable friend is in error.

Hon. Mr. KING: I do not think so. Under the Act passed last session the translators are concentrated in the Bureau for Translations.

Hon. Mr. DANDURAND: I may say that the position of "Second Assistant Clerk, Editor and Chief Translator of French Debates, Senate" can be filled, because there is a vacancy. Next session I shall urge the Internal Economy Committee to transfer the chief translator of our laws to this post, and so save one of the salaries. There will be no difficulty in making the transfer.

Hon. Mr. KING: Of course I must accept my honourable leader's suggestion, but I am not convinced that he is right. Under the Act passed last session all translation work is done by the central Bureau for Translations. There was strong objection to the Bill by the translators and by the then Opposition, but the law became effective and is in operation to-day.

Hon. Mr. COTE: So there may be no misunderstanding, may I say to my honourable friend that under the Translation Bill passed last session the Government may by Order in Council draft into the Translation Bureau translators from other departments or from the Commons and the Senate. However, in the case of the Senate it has refrained from doing so, and has so stated to the officers of this House. As a result we still have our translators here.

Hon. Mr. KING: I am glad to hear that. The recommendation contained in this report was supported in the committee by a large majority. I understand the proposed appointee is not acceptable to some honourable senators. He was acceptable to the committee, as I say, by a very large majority. I am not here to plead his case, but would urge that we should have such an officer whom we can instruct to do research work and gather information for individual senators. Unfortunately we are not all lawyers. Some of us are ordinary doctors and others are ordinary business men, and we have not the training necessary for research work and the gathering of information. This service would help us lay members very materially and at a moderate expenditure. I am not well acquainted with the individual who is suggested for the position. I used to see him about the building when I was in the House of Commons, but I have never had any close association with him. I know he is a graduate of one of the finest universities on this continent, and a clever man. There may be those who say he is a "darn nuisance" and is always looking for a job. Well, I would encourage the man or boy who to-day will go out and look for a job. There are not many doing so.

If this report is not to be concurred in, I would suggest to my honourable leader that we pass a resolution whereby a position of this kind will be established for the convenience of honourable members.

Hon. Mr. DANDURAND: I may say to my honourable friend that it was through him I was apprised for the first time yesterday, or the day before, that someone should be retained to help honourable senators in their research work. I think we can arrange to furnish that help to the members of the Senate. I take my honourable friend's statement that he is not alone in expressing a desire for such help. But that is a matter that can be arranged before, or at the beginning of, next session, in a much easier way than the one my honourable friend suggests. Under his proposal he would have to go to the Civil Service Commission for a new classification, and the proposal for the appointment of a person against the will of the Minister, who for the Senate is His Honour the Speaker, and against the will of the Deputy Minister, who is the Clerk of the Senate, is not likely to make that hurdle, even though it might have succeeded in this Chamber. I think the suggestion of the honourable gentleman (Hon. Mr. King) has considerable merit, but I would ask him not to press this question to a vote.

Hon. Mr. GRIESBACH: I just want to offer a word on this matter. I have known Mr. Wagar for some time. I know he is a keen, capable, energetic and industrious man. A few years ago the statement was made in my hearing that the power existed to increase the number of senators. I consulted a number of senators of long standing about the matter, and found they had no knowledge in regard to it.

Hon. Mr. DANDURAND: They would only have to read the British North America Act.

Hon. Mr. GRIESBACH: Then an interesting discussion arose as to whether an attempt had ever been made to increase the membership of the Senate. The matter was put into Mr. Wagar's hands, and a day or so later we got full information on the subject. It is very interesting. I dare say it is not very well known that an attempt was once made, in regard to the Yukon Railway, to increase the membership of the Senate. The decision of the Queen then was—

Hon. Mr. DANDURAND: Or of her advisers.

Hon. Mr. GRIESBACH: She asked: "Is it necessary, in order to carry on the government, that this increase be granted?" Sir Wilfrid Laurier it was, I think, who replied that it was not.

Hon. Mr. DANDURAND: I think it was under Alexander Mackenzie.

Hon. Mr. GRIESBACH: No. It was in the case of the Yukon Railway. It was thereupon laid down that there should be no increase unless it was necessary in order to carry on the government. We received a very full and complete document on the subject from Mr. Wagar. It was that incident which brought my attention to the fact that he has the ability to make such inquiries and to produce interesting reports.

Hon. Mr. MARCOTTE: I want to say just a word with regard to this matter. I am a member of the committee concerned, and supported the motion that was made in the committee. My reason for doing so was that I knew by experience how much we need the services of a secretary of that kind, if I may so call him. For years I did the kind of work referred to, for a Minister to whom I was secretary, and I know how hard it sometimes is to find documents and references. I have had the same difficulty in my legal practice.

I think that in Mr. Wagar we have found a man who has the necessary ability and qualifications for such a position. But when the matter was discussed I was under the impression, and I admit it candidly, that we were just changing the title; not that we were abolishing a position, which is something vastly different. I would not for one moment maintain that we should abolish the position mentioned in the report, and if I had known the first paragraph of the report when later prepared would take the form it has taken, I would not have voted for it. I would have insisted on trying to get a secretarial position for Mr. Wagar or some other qualified person.

Hon. Mr. KING: My honourable leader (Hon. Mr. Dandurand) has conceded, I think, that if it is the desire of the members of the House there should be a post of the kind named. Then we have the question as to Mr. Wagar. I cannot insist upon his appointment, but I do insist that this body of men, not the Civil Service Commission, should have something to do with the selection of an officer of that kind.

Hon. Mr. POPE: Hear, hear.

Hon. Mr. KING: It should not be some Deputy Minister who may go into the discard in the reorganization of departments. The position is one that will be important to us.

Hon. Mr. POPE: This is ours.

Hon. Mr. KING: There is no reason why the committee that we have for the purpose of dealing with these matters should not have something to say, or should not make a

recommendation to the House next year. Would that be fair, Mr. Leader?

Hon. Mr. DANDURAND: Would you allow me to appear before the committee, so that I might report to the Government, which will have to pay?

Hon. Mr. KING: Surely.

Hon. Mr. POPE: Do I understand, then, that our work in the committee is nullified; that what we did amounts to nothing; that you run the show; that you are the boss?

Hon. Mr. KING: He is.

Hon. Mr. POPE: That you are the big man without a brain?

Hon. Mr. KING: I think, senator, we will just leave the matter as per the record.

Right Hon. Mr. GRAHAM: We are the House without the money.

Hon. Mr. DANDURAND: There is a report of a committee before us. We are discussing it.

Hon. Mr. POPE: Are you?

Hon. Mr. DANDURAND: I would call the attention of my honourable friend to certain features that did not occur to the members of the committee. We have just heard one honourable gentleman (Hon. Mr. Marcotte) say that he would not have voted for the report if he had known the form it would take. I point out to my honourable friend opposite (Hon. Mr. Pope) that even if the resolution carried, it would lead only to the Civil Service Commission, and that commission would have to confer with His Honour the Speaker of the Senate, and his Deputy Minister, the Clerk of the Senate. Under these conditions I wonder if this new classification would be made.

Hon. Mr. POPE: No. I thought this committee was appointed for some definite purpose, or I would not have belonged to it. I did not think the Speaker, the Deputy Minister, or any other element, had anything to do with the matter, unless they were members of that committee. I supposed the decisions of the members of that committee were final or I would not have bothered to attend the meeting.

I know Mr. Wagar better than anybody else here knows him. I know his ability and his affability. He is a faithful man. You could not hire a man who would be his superior. I have known him since he first came down from the Peace River country, where he was farming, in an effort to get a railroad into that country. He is a qualified, affable, clever, able man; therefore I supported him in the committee.

I supposed that I was a member of a committee that told the story, or I would not have bothered to attend it.

The motion was negatived: contents, 12; non-contents, 13.

BANK OF CANADA BILL

FIRST READING

A message was received from the House of Commons with Bill 82, an Act to amend the Bank of Canada Act.

The Bill was read the first time.

SECOND READING

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

He said: Honourable senators, this Bill provides among other things for two important changes in the constitution of the Bank of Canada. They are: (1) The issue of an additional $5,100,000 of capital stock of the bank, to be purchased by the Minister of Finance and held by him on behalf of the Dominion of Canada. This will ensure a predominance of public ownership in the shares of our central bank. (2) The appointment by the Government of additional directors of the bank, with sufficient voting power to give the Government a majority control of the board of directors, both immediately and permanently.

Other changes are being made to clear up ambiguities in the wording of the present Act or to provide for changes which experience have shown to be desirable.

The fundamental reason for changes is that the primary function of a central bank is to regulate the volume of currency and credit in use, and this is so vital a national function that it should not be left to the control of private interests. The issue of currency has always been regarded as a prerogative of the Crown. It is only in comparatively recent times that governmental authorities and monetary experts—and indeed central bankers themselves—have come to realize that the primary function of a central bank is not to make loans to a necessitous Government, or to provide other banking services, but rather to control the volume of credit and currency in the best interests of the economic life of the nation.

The preamble to the Bank of Canada Act reads:

> Whereas it is desirable to establish a central bank in Canada to regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally

to promote the economic and financial welfare of the Dominion....

One may well ask whether it is appropriate that a privately controlled institution should control and protect the external value of the monetary unit. Is it not the Government's function to determine what our monetary standard shall be; whether our dollar shall be 23·22 grains or 15 grains of fine gold; whether in these days we will tie our dollar to the pound sterling or to the United States dollar or allow it to fluctuate half way between those two currencies? It may be said on behalf of the Bank of Canada that in performing this function the bank would merely endeavour to carry out what the national policy, that is, the Government's policy, happened to be at the time. In other words, if the Government went back on the gold standard at $35 an ounce it would be the task of the bank so to regulate the volume of credit in the country that our dollar would remain at par, fluctuating of course only within the gold points, in terms of other gold currencies. Or if we decided to tie up with sterling at a certain fixed rate it would be the task of the bank to buy and sell exchange in such a way as to maintain the pegged rate with the pound sterling. I am confident that this would be the way in which the bank under its present management would interpret its functions. But is this a sufficient assurance for the future? Is it not possible to conceive of a privately controlled central bank in conflict with the Government, refusing to carry out the declared national policy? The only way by which such eventualities can be prevented is to assure adequate Government control of the bank.

Is it appropriate for a Government to leave to a privately controlled institution the stabilization functions which are contemplated by the preamble to the Act, which I have just read? The preamble contemplates that the Bank of Canada shall, by the appropriate mechanisms—chiefly open market operations and manipulation of the rediscount rate—set at work influences which will tend at times to expand credit and at other times to contract credit, with a view to securing a greater degree of stability in the level of production, trade and employment. In other words, when a boom is on the way and getting out of hand it will be the duty of the bank to put on the brakes, so to speak, by restricting credit, thus tending to cause a decline in prices and to slow down the whole tempo of business and speculative activity. Conversely, in a time of depression it will be the duty of the bank to bring influences to bear to expand credit, thus tending to raise prices and generally to quicken the tempo of business activity.

It is not necessary to stress how important are such functions of the bank. If the bank can by monetary action do something to level off the peak of the boom and to fill in the valley of the depression; if it can, as the preamble to the Act contemplates, "mitigate by its influence fluctuations in the general level of production, trade, prices and employment," it will make an important contribution to the economic welfare of this country.

For the first time in this country we have an institution which is charged with the function of regulating credit and currency, and which therefore will consciously and deliberately set influences to work which will affect the price level as well as the level of production, trade and employment. This is too vital a function to leave in the hands of a privately controlled institution. If this function is to be performed at all it should only be by an institution under adequate Government control.

These considerations apply to the sum and substance of the Bill.

Hon. Mr. BALLANTYNE: I suppose the honourable leader is agreeable to having the Bill referred to the Committee on Banking and Commerce after second reading?

Hon. Mr. DANDURAND: Matters might be expedited if that were done?

Hon. Mr. BALLANTYNE: I think so.

Hon. LOUIS COTE: Honourable senators, I am wondering why in his remarks the honourable leader of the Government referred consistently to the bank, as at present constituted and operating, as a privately controlled institution. I cannot agree that it is correctly described as such. It is true that all the shares of the bank are held in private hands, and none by the Government; but it is equally true that under the existing Act the Government is given considerable control over the bank. We all know that the Governor, who is a director of the bank, is a Government appointee. Likewise the Deputy Governor is a director and an appointee under Order in Council. The Deputy Minister of Finance, a Government officer, is another director. These three gentlemen, together with a director elected by the shareholders, constitute the executive committee of the bank and do all the executive work. The other directors, elected by the shareholders, are only an advisory body and meet but a few times a year. The Governor of the bank has a right of veto not only over the acts of the executive committee when it is functioning as such, but also over the acts, resolutions and decisions of the directors. Surely it is not accurate to say that this institution, so

constituted, managed and operated by appointees of the Government, is a privately controlled institution. The present Bill is designed to give a still larger measure of control to the Government. Whether that additional control is necessary or not is, I suppose, a question of not very great importance, on which opinions may differ. The Bill creating the bank was considered in detail before our Banking and Commerce Committee and we were given a great deal of information, part of which, respecting the control by Government employees, I have just repeated to the House. Surely, therefore, it should not be seriously stated at this stage that the bank is a privately controlled institution.

Hon. Mr. DANDURAND: I should not like to engage in a discussion as to the measure of Government control provided for by the present Act. There are features which would seem to indicate that private interests are able to exert considerable influence in directing some of the policies of the bank. In the Committee on Banking and Commerce we shall be able to discuss these features with the Deputy Minister of Finance, who is a member of the board of directors.

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

REFERRED TO COMMITTEE

Hon. Mr. BALLANTYNE: It is understood that this Bill will be referred to the Committee on Banking and Commerce.

Hon. Mr. DANDURAND: I move now that the Bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable members, I am informed that so far as the business before the House of Commons is concerned it will be possible to have prorogation to-morrow evening. I am not prepared to say that in the Senate we shall by that time have been able to deal with all the legislation that is now before us or is still to come over. As the Banking and Commerce Committee is to meet at 10.30 in the morning, I move that when the Senate adjourns this evening it stand adjourned until 12 o'clock noon to-morrow. By that hour we may be in a better position to judge what the prospects for prorogation are.

The Senate adjourned until to-morrow at 12 noon.

THE SENATE

Saturday, June 20, 1936.

First Sitting

The Senate met at 12 noon, the Speaker in the Chair.

Prayers and routine proceedings.

PENSION BILL

REPORT OF COMMITTEE

Right Hon. G. P. GRAHAM presented the report of the Standing Committee on Banking and Commerce on Bill 26, an Act to amend the Pension Act, and moved concurrence therein.

He said: Honourable members, this Bill was referred to the committee by an amendment made to the motion for third reading. The wording of the amendments in the report is consequently somewhat peculiar in form, but it is perfectly in order.

The motion was agreed to.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill, as amended.

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

BANK OF CANADA BILL

MOTION FOR THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 82, an Act to amend the Bank of Canada Act.

Right Hon. Mr. MEIGHEN: Before the Bill is read a third time I should like to make some comments on it. I should prefer that the motion for third reading be deferred to the usual day, assuming we are not able to close until next week. Otherwise I shall be prepared to proceed this afternoon.

Hon. Mr. DANDURAND: I withdraw my motion and now move that the third reading be placed on the Order Paper for a later sitting of the House this day.

The motion was agreed to.

CRIMINAL CODE BILL

FIRST READING

A message was received from the House of Commons with Bill 96, an Act to amend the Criminal Code.

The Bill was read the first time.

Hon. Mr. DANDURAND: Shall we take the second reading now or this afternoon?

Right Hon. Mr. MEIGHEN: I should prefer to take the second reading this afternoon. I wish to discuss the Bill.

Hon. Mr. DANDURAND moved that the Bill be placed on the Order Paper for second reading at a later sitting this day.

The motion was agreed to.

BROADCASTING BILL

FIRST READING

A message was received from the House of Commons with Bill 103, an Act respecting Broadcasting.

The Bill was read the first time.

SECOND READING

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

He said: I desire to state broadly the effect of this legislation. The explanatory note is as follows:

The objects of this Bill are to implement the report of the Special Committee on the "Canadian Radio Commission." The Bill proposes to repeal the Canadian Radio Broadcasting Act of 1932; place the direction of the national broadcasting system in the hands of a corporation with an honorary board of nine governors, a general manager and assistant general manager, to carry on the business of the corporation in the place and stead of the present commission of three; authorize advances by the Government up to $500,000 to the corporation for capital works to increase coverage, and up to $100,000 for working capital advances, give the corporation specific control over the character of programs, especially political broadcasts; give the Governor in Council authority to make regulations controlling the use of equipment causing interference with radio reception; licensing of broadcasting stations to remain under the Minister of Transport and technical control of such stations is given to him to be exercised in co-operation with the corporation.

Like every other citizen, I have followed the comments from various sources on the working of the present Act. I have never reached a personal conclusion on the matter, because it is outside the range of my knowledge—practical, technical or scientific. At times I experience considerable pleasure in listening to operas broadcast from the Metropolitan Opera House in New York; but what I enjoy most about the radio, apart from those splendid performances, is closing it down.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: I have been simply horrified by the jazz programmes which I have heard, though some other people, especially the younger people, seem to enjoy them. My first action on reaching home is usually to turn off the machine. I am probably a bad judge of broadcasting activities, some of which are of considerable importance in an educational aspect. If they were limited to that they would be all right, but what riles me most is to hear people, morning, noon or night, offering to sell everything under the sun. Nevertheless, radio broadcasting is a scientific development which is one of the wonders of the age, and I suppose I must not be too refractory in regard to its invasion of our homes in all its forms.

I move the second reading of this Bill, and ask that it be referred to the Standing Committee on Banking and Commerce, where the Director of Radio, Mr. Edwards, will be at my side to explain this change in the supervision of the work. I may say that this Bill is the outcome of serious study by a special committee of the House of Commons, which gave considerable attention to the matter and reported unanimously. The Bill comes to us with the sanction and benediction of virtually all the members of the House of Commons. I presume the committee's work has been well done. Even so, we have a right to examine anew into the results that would flow from the application of this measure, and as to what improvement it would bring about. In inquiring on that point we shall have to rely upon the gentleman from the department, who is better informed than I am.

Right Hon. ARTHUR MEIGHEN: I am glad this Bill is going to the Committee on Banking and Commerce. I hope there is someone on this side of the House who will take a special interest in it, for, even though it comes from a committee of the Commons, I am not thereby satisfied that it is a thoroughly good piece of draftsmanship. The fact that I have no interest in radio is no reason for my not having an interest in this Bill, for undoubtedly radio is something which very widely affects the Canadian people.

The feature of the Bill which I do not like, though there may be sufficient reason for it, is that it provides for the displacement of persons who have given their services to this national corporation, and for their replacement by others. This sort of change is becoming a habit in this country, and it appears to me that it has already seriously impaired, and will impair still more, the efficiency of our public work. Furthermore, it makes it more and more difficult to secure the right men to do that work.

While I am on the subject of radio may I say that though radio may be a nuisance in

the home, it can be controlled there, at least to some extent, but on the streets there is no control. The situation is now such that as you walk out of an evening to enjoy the quiet that is so soothing and delightful, you find that it is gone from you completely. You hear a voice thundering from the window of one house, and somebody broadcasting advertising from the window of another. It is a series of noises that turns the city into a veritable Hades.

Right Hon. Mr. GRAHAM: It even follows a man in his automobile.

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

PRIVATE BILL

CONCURRENCE IN COMMONS AMENDMENTS

A message was received from the House of Commons, returning Bill N2, an Act to incorporate the Order of Italo-Canadians, with one amendment.

Hon. Mr. LACASSE: I move concurrence in the amendment.

Right Hon. Mr. MEIGHEN: What is the amendment?

Hon. Mr. LACASSE: It is just the addition of the words "subject to the approval of the Superintendent of Insurance of Canada."

The motion was agreed to.

INCOME WAR TAX BILL

SENATE AMENDMENTS NOT INSISTED UPON —CONCURRENCE IN COMMONS AMENDMENT

A message was received from the House of Commons, returning Bill 75, an Act to amend the Income War Tax Act, agreeing to certain amendments made by the Senate, and disagreeing to others.

Right Hon. Mr. MEIGHEN: I may say to the honourable gentleman (Hon. Mr. Dandurand) that I have had time to run over these amendments. I do not think the wording which the Commons insist upon is right, except in the first case; but that is a matter of choice, and I certainly have no objection to concurrence.

Hon. Mr. DANDURAND: We alter the word "enacted" and put in the word "amended."

Right Hon. Mr. MEIGHEN: They are right in the first case. There is no doubt about that.

Hon. Mr. DANDURAND: I move that the Senate do not insist upon its first, second, third, fourth, seventh, eighth and ninth amendments, and that it concur in the amendment made by the Commons to its fifteenth amendment.

The motion was agreed to.

NATIONAL HARBOURS BOARD BILL

MESSAGE FROM HOUSE OF COMMONS

The Hon. the SPEAKER: Honourable members, a message has been received from the House of Commons, reading as follows:

Resolved that a Message be sent to the Senate to acquaint Their Honours that this House agrees to their fourth amendment and disagrees with their first, second, third and fifth amendments to Bill No. 17, an Act respecting the National Harbours Board, for the following reasons:

1. Amendment No. 1 makes impossible re-employment of many officers and employees of present harbour boards who have long years of service, and in addition would seriously handicap the Board in the conduct of its many competitive business operations.

2. Amendment 2 arises out of Amendment 1, and is not otherwise required.

3. Amendment 3 imposes restrictions that serve no useful purpose, and which are not presently imposed on other government services.

4. Amendment 5 is permissive only, and confers on the Board no new authority. The Government holds the view that the step specified by this clause is not desirable at this moment.

Hon. RAOUL DANDURAND: Honourable members, I move that the Senate do not insist upon its amendments to which the House of Commons has disagreed, but accede to the position that has been taken by that House. I will read a memorandum from the Minister explaining the stand taken by the House of Commons when our amendments were under consideration there.

The Bill, as passed by the House, provided that the Board should employ the necessary staff and fix their remuneration; in other words, powers previously held by the different commissioners were to repose in the new Board, which would in the natural course of events give such authority in the matter to port managers as would be required to provide for the efficient operation of the harbours.

The Senate amendment provides that the Board may employ its staff "under the provisions of the Civil Service Act." Apart from the question of principle involved, to which reference will be made later, it would appear that the amendment is inadequate in its terms, assuming the purpose to be to place the employees of the Board under the operation of the Civil Service Act, and its enactment in this form would create confusion in administration and hardship to many deserving employees in the harbours. Attention may be directed to only one phase of the matter. At the time of the coming into force of the Act the Board will have no employees; its power to employ under the Senate amendment would

be operative only subject to the provisions of the Civil Service Act. This would mean that all appointees would have to pass a Civil Service examination, be not more than 35 years of age, and otherwise eligible under the provisions of the Civil Service Act. No preference nor blanketing-in for the present employees is provided for, as was the case when the Civil Service Act was first made applicable to the Government Service. It is not necessary to emphasize the chaos in the administration of the harbours which would be produced by the application of the amendment in its present terms.

The amendment also provides that temporary employees employed otherwise than upon a yearly or seasonal basis and labourers may be employed by the appropriate port manager, presumably without reference to the Civil Service Act. It should be pointed out that without supplementary provision for classification of harbour employees the scope of this exemption is most indefinite. At the present time over 80 per cent of harbour employees are outside forces, paid hourly or daily at prevailing rates, and there are no classifications of positions as to whether they are permanent or temporary. As a matter of fact, for various reasons the present commissioners have found it desirable to a greater extent than in the past, even for positions which are likely to be of an indeterminate duration, to make appointments on a monthly rather than a yearly salary basis. The point is, that without a statutory requirement for the establishment of positions in accordance with Civil Service rules and regulations, the Senate amendment will not achieve its purpose.

Criticism has been directed against the method employed up to the present of recruiting harbour employees on the ground that political patronage resulted in frequent changes in personnel, to the detriment of the service, and that pressure to secure employment resulted in more than the required number of employees being on the payroll, with consequent waste of public funds. In the first place, I should point out that there are among harbour employees in the outside forces a great many who would be exempt from appointment by the Civil Service Commission even if the Act were made applicable to the Board, whether or not the positions occupied were of a permanent character. By Order in Council passed under the Civil Service Act there are scores of categories of employees exempted from the provisions of the Act and many of such classes of employees are to be found on the payrolls of the harbours. I might cite just a few of such exempted classes: labour foremen, blacksmiths, boiler makers, carpenters, coopers, caulkers, charwomen, coppersmiths, masons, riggers, divers, electricians, firemen, garage men, labourers, locomotive engineers, machinists, millwrights, plumbers, teamsters, certain elevator operating staffs, and so on. The adoption of the principle of Civil Service appointment to harbour staffs would, therefore, affect mainly those of a professional, technical or clerical nature and certain categories of outside employees engaged in the operation of the port which might not now be included in the exempted classes under the Civil Service Act, of which the police force would be one.

In most of the harbours the principle of maintaining the technical and clerical staffs irrespective of changes in government has been upheld to a very large extent.

I may say that that has been the uniform practice.

I admit that in times such as these there is great pressure brought to bear on those in administrative responsibility and in public life to provide positions, but notwithstanding this I can say that since the present Administration came into power the soundness of the policy of maintaining intact staffs which are competent, efficient and attentive to their duties has been recognized; such changes as have been made are numerically lower than on previous occasions when governments have changed, and in many instances the changes that have been made have been to the advantage of the Service and brought about a reduction in costs. I think I am not unduly optimistic in believing that it will be possible under the new Board which will have responsibility in the first instance for the administration of the harbours, to firmly establish the principle of continuity of service, in so far as the permanent organization is concerned.

As regards the contention that previously the number of employees was unjustifiably enlarged as a result of party pressure, such action was in the nature of things almost entirely confined to the employment in the trades and labour forces. These employees, whether the Civil Service Act were made to apply or not, would be outside of the operation of the commission. It would be no safeguard, therefore, from extravagance of this kind to bring the Harbour Boards under the Act. That safeguard is now to be provided as it never was before by placing the financial control of the harbours under the Minister of Finance and making the Board subject to an annual budget, with an annual audit of accounts by the Auditor-General.

To refer now in a general way to the principle involved in the Senate amendment. The House needs hardly—

This is the memorandum prepared for the House of Commons.

—to be reminded that the harbours are operating business facilities, wharves, sheds, terminal railways, elevators and cold storage warehouses. It is my purpose that these will be run, with due regard to public requirements, on a business basis that will render these facilities, so far as is possible, self-supporting. To achieve that end I consider that it is just as desirable that the management should have as full measure of control over the harbour staff as, for instance, the Canadian National Railways have over theirs. Competitive conditions require that employees should be competent and alert, and I doubt if the interests of the public would be served by imposing upon their staffs the conditions which apply to appointment in the Civil Service. Civil Service appointment does not apply to the Canadian Farm Loan Board, the Canadian Wheat Board and the Research Council, not to mention other branches or positions in the public service. Whatever reasons can be given for exempting these organizations are surely applicable with much greater force in the case of business activities of an organization such as a harbour board.

In passing this measure we are making a very considerable departure in the adoption of a system of central as compared with local control. I consider it most important that

in the initial stages, while the organization is adjusting itself to the changed conditions, there should be no hampering influences and that the organization should be kept as flexible as possible; I consider that this end can be more readily attained under a system of staff appointment and control devised with the special requirements of port administration in mind than under a system of Civil Service regulations and conditions, and for these reasons, as well as on account of the uncertainty of the application of the amendment in its present phraseology, I ask that this amendment of the Senate be not concurred in.

I will cite now the opinion of the Department of Justice. It is contained in the following memorandum from Mr. Edwards, the Deputy Minister of Justice:

Re Senate Amendments to Bill No. 17

Section 4 of the Harbour Board Bill deals with the employment of officers, clerks and employees. The first four lines of the section read as follows:

"4. (1) The Board may employ such professional, technical and other officers, clerks and employees as it may deem necessary for the proper conduct of its business and fix their remuneration."

The proviso provides that the preference of returned soldiers for employment shall be preserved under this Act. The Senate has amended this section to read as follows:

This is the most important part of the amendment.

"(1) The Board may, under the provisions of the Civil Service Act, employ such professional, technical and other officers, clerks and employees as it may deem necessary for the proper conduct of its business and fix their remuneration: Provided that temporary employees employed otherwise than upon a yearly or seasonal basis and labourers may be employed by the appropriate Port Manager.

"(2) There shall be appointed by the Board for each harbour under the jurisdiction of the Board an officer to be known as the Port Manager who shall, as agent of the Board, perform such services as are assigned to him by the Board."

The only difference between the introductory part of the section as it originally appeared in the Bill and the first part of the Senate amendment is that the words "under the provisions of the Civil Service Act" have been inserted between the words "may" and "employ" in the first line.

It seems to me that the intention of the Senate was to provide that the officers and employees of the Board should be appointed by the Civil Service Commission. I do not think that the insertion of the words underlined above has this effect. The Civil Service Act provides the method or manner of ascertaining the qualifications of candidates for employment and provides further that the Civil Service Commission shall make the appointment. This section, however, says that the Board may employ and fix remuneration. The employment and the fixing of remuneration are the main function of the Civil Service Commission under the provisions of the Civil Service Act.

It is submitted, therefore, that all the present section, as amended by the Senate, means is that in employing and in fixing the remuneration of employees the Board shall be guided by the provisions of the Civil Service Act with regard to the ascertainment of the qualifications of candidates for employment. In other words, that competitive examinations shall be held to establish lists of persons for appointment; that such examinations shall be open to all persons who may be lawfully appointed to positions in the Civil Service and that such persons shall be preferred as to appointment in accordance with the provisions of the Civil Service Act; that such persons who are ex-members of the military or naval forces shall be entitled to the privilege conferred by section 29 of the Civil Service Act, and that all the provisions of Part III of the Act shall be observed by the Board in making appointments to positions.

In this connection it is submitted that the age limit of thirty-five, set by the Civil Service Commission by regulation under the provisions of section 22 of the Civil Service Act, will apply to all the appointees of the Board.

I understand that it is the intention of the Minister of Marine to provide that the present employees of harbour commissions shall, in so far as possible, be absorbed into the new organization. I cannot find any provision under the Civil Service Act which will enable the Board to employ persons at present employed by the various harbour commissions, but who are over the age limit set by the Civil Service Commission under the section above referred to. I understand that Mr. Bland stated to the Senate committee that there will be no difficulty in this regard, but it seems to me that he is under a misapprehension as to this. Upon the proclamation of this Act the present corporations become non-existent and the employees thereof will be out of employment, as their positions will be abolished with the abolition of the bodies employing them. This is not a case of an established department of the Government being re-organized by the Commission under the provisions of Part II of the Civil Service Act. This is a new organization being set up, which will have an entirely new list of employees. If, therefore, it is the intention to apply all the provisions of the Civil Service Act, it seems to me that some special provision should be made for the employees presently employed by the present harbour commissions. For example, it is submitted, the sections dealing with age and examination should not apply.

There is also the question of the positions exempted from the operation of the Civil Service Act, such as skilled and unskilled labourers. The proviso to the section, as amended in the Senate, provides that temporary employees and labourers may be employed by the port manager. It might be that temporary employment of a legal officer or of an engineer or of any other professional man may be dealt with under this proviso. Surely in the appointment or employment of a legal agent or of an engineer or professional person, the Board should be responsible and not the port manager. For example, a consulting engineer might be required, and it is submitted, the best man to select an employee of this kind would be the Chief Engineer of the Harbours Board or, at least, he should recommend the candidate for employment to the Board.

Then with regard to labourers. I understand that the interpretation given to the word "labourers" by the Civil Service Commission

is that it applies only to common or unskilled labour. It is submitted that it should apply to both skilled and unskilled labourers in so far as this Act is concerned.

Then in subsection 2 of this section, where provision is made for the appointment of a port manager, it is stated that he shall, as agent of the Board, perform such services as are assigned to him by the Board. I do not know why these words "as agent of the Board" are inserted. It is submitted that he is an officer of the Board and should perform such services as are assigned to him as such officer and not as an agent. Even if this subsection be accepted, I suggest that these words be deleted.

This is the opinion of the Department of Justice, sustaining the view expressed in the memorandum of the Minister which I have read.

I have dealt with the feature of the Civil Service Commission, and that of the port manager. I should also perhaps say a word with regard to the refusal of the Commons to concur in two other amendments. We amended the Bill in such a way as to make it necessary for the Minister to open tenders. The Minister believes that this is an error on the part of the Senate, because the Minister will not open tenders—

Hon. Mr. BALLANTYNE: The Act plainly states that the tenders, when received at Ottawa, shall be opened first by the central board, and then shall be opened publicly in front of those who are making the tenders.

Hon. Mr. DANDURAND: The Minister takes the ground that there is a regulation, covering all the departments, which makes it necessary for the Secretary, with two other officials of the department, to open tenders. Of course, when tenders are received the hour of receipt is duly marked upon each. A report must be made upon them to the Minister, who in turn will submit it to Council if need be. This is a general practice under regulation by Order in Council. The same regulation will apply to the Harbours Board. Two out of the three members of the board will have to attend to the reception of tenders, along with the Secretary of the board, and when the tenders have been examined there will be a report to the Minister. The Minister says that, as there are dozens of tenders coming in every week, and as he has not time to open and examine them, it should be the business of the board to do so. He thinks that if there is need of strengthening the regulations with regard to the opening of tenders in the various departments, that strengthening might well be done by a general statute or a general Order in Council, and he refuses to accept the procedure introduced by this amendment when it is not the regular procedure of the other departments. The question whether the principle should be applied generally to all the departments or only to the Harbours Board is simply one respecting procedure.

There has been a refusal to concur in the amendment which would allow the Governor in Council to appoint local advisory boards for consultative purposes.

Right Hon. Mr. MEIGHEN: That is of no importance.

Hon. Mr. DANDURAND: I have received a statement of the reasons why this amendment is objectionable. If the matter is of no importance I have, I think, sufficiently explained and justified the action of the House of Commons. As it is past one o'clock, my right honourable friend may ponder over what I have said in justification of the action of the House of Commons, and give his view when we return to this Chamber.

Right Hon. Mr. MEIGHEN: Honourable members, I have a suggestion to make before we adjourn. In making it I want to assure the honourable leader of the Government that already I have done some pondering. I am convinced from the tone of the memoranda and from the many statements which have fallen from the lips of members of the Government, particularly the Minister concerned, that the present Administration is thoroughly persuaded that the function of the Senate is merely to scatter commas, correct spelling, and perhaps varnish a little the diction of bills which the Government submits to Parliament; that the Senate has no function at all in so far as anything substantial is concerned.

I find it very strange indeed that all these objections, particularly those contained in the memorandum from the Deputy Minister of Justice, should be advanced now, and that none of them were advanced while we were in committee. The important amendment was before the committee for days; it was proposed almost at the very beginning; indeed, it was suggested in this House on the second reading. We had before the committee the Chairman of the Civil Service Commission, who has charge of the operation of the Civil Service Act. We had the Minister there. If the committee had had all these formidable details it could quite readily have implemented the principle it desired, even if the Minister took exception to the stand of the Civil Service Commission, who thought the Act would work quite well, and explained how; but it is only afterwards, when the session is at its last dying gasp, that they are thrown in

our faces. I am prepared to meet the leader of the Government and see that our amendment is put into a form that will not be subject to practical objections, that is, so long as it continues to state the principle that we want it to state. That principle is that these positions shall be under the Civil Service Commission, not under patronage. To intimate that present employees cannot be retained if this principle is adhered to is utter nonsense. If the principle was considered impracticable our attention should have been drawn to that fact by the Minister or some other representative of the Government when we were in committee. But I say it is not impracticable, and I am prepared to stay here until we can get what we want done. I do not intend to be cornered, stampeded, nor browbeaten into letting this thing through at the end of the session.

The Minister does not want to open tenders in public. As Mr. Howe he wants to run everything. Apparently he has come upon the scene like an absolute potentate, determined that things shall be done according to his own sweet will. But as a member of the Government he is in the Public Service now, and he must abide by those principles that have come down through the years. Like every other Minister of the Crown, he must abide by the constitutional practice of this country.

I have no objection at all to abandoning the last amendment. It is a permissive clause anyway, and means very little. But the fact that we have not as yet by general legislation insisted upon the opening of tenders in public is no reason why we should not make a start. Indeed, a start has already been made. Under the late Administration, tenders to the Department of Public Works, the department at which most tenders are received, were opened in public. Here is a new establishment of a gigantic character, which will be letting tenders, and big tenders, in every part of Canada. It will outrank the Department of Public Works in the letting of tenders. Now is the time to initiate in this new and huge establishment the principle of opening tenders in public. What is the reason given against this principle? The Minister says that other ministers can open tenders in secret. It is true they can, but they should not be allowed to do so, and never should have been allowed.

I am disappointed that the Minister has objected to this provision, which I understood he was prepared to accept. Apparently he has changed his mind. I shall have more to say on the matter this afternoon, when I shall move an amendment to the motion. But in order that the Government may be advised of the course which I think should be taken, I will restate it briefly. Our amendment should be submitted to the Department of Justice—

Hon. Mr. DANDURAND: What amendment?

Right Hon. Mr. MEIGHEN: The amendment with reference to the Civil Service Commission. It should be submitted to the Department of Justice and put into the proper form to carry out our intent. If it is necessary to provide—and I should not think it was—that the present staff be blanketed in, that will have to be done. Nobody wants the present staff dismissed at all; dismissals have been carried far enough already. All we want is that classification, supervision of the service, the making of appointments after dismissals, and so on, be placed in the hands of the Civil Service Commission. We certainly do not desire that men be dismissed because they are over thirty-five. That is ridiculous, and nobody ever thought of such a thing. We should like to see no one dismissed except for incompetence, and cases of that kind will be left to the Minister. But when a dismissal does take place we do not want the filling of the position left to the patronage committee of Montreal, which the honourable leader knows is in existence and operation—

Hon. Mr. DANDURAND: No, I do not know that.

Hon. Mr. BALLANTYNE: It is there.

Right Hon. Mr. MEIGHEN: The honourable senator knows of the one here in Ottawa?

Hon. Mr. DANDURAND: No.

Right Hon. Mr. MEIGHEN: Well, I do.

Hon. Mr. DANDURAND: If my right honourable friend were addressing the House of Commons, perhaps this would be more appropriate.

Right Hon. Mr. MEIGHEN: We desire, in respect of this great new public service, that the Civil Service Commission shall exercise the functions it was created to exercise, just as it does with every other branch of the Civil Service. If the commission is to be a mere shell, let it be abolished.

Hon. Mr. DANDURAND: I desire to say a few words in an attempt to appease my right honourable friend. I repeat the stand I have often taken—the last time, I think, as recently as yesterday—that it is the duty of the Senate to take all the time it requires to consider measures that are before it. If necessary, we shall come back next week.

I believe we shall be sitting on Monday in any event. I stated, in the absence of my right honourable friend, that we expected to sit on Tuesday, the King's Birthday, and Wednesday, St. Jean Baptiste day, which is a legal holiday in the province of Quebec. So that my right honourable friend may have no misgivings, I will state my hope that the Senate may always function regularly and to his satisfaction.

Right Hon. Mr. MEIGHEN: I intended to say, while on my feet, that we should save time if we adjourned until 4 o'clock instead of 3 o'clock. The extra hour will enable us to be better prepared when the discussion is resumed. I intend to be brief, though I know we shall have to sit next week.

Hon. Mr. DANDURAND: The Broadcasting Bill has been referred to the Banking and Commerce Committee. Could that be dealt with this evening?

Right Hon. Mr. MEIGHEN: The Broadcasting Bill will need only technical revision. I see no objection to its being taken up by the Banking Committee at, say, 2.30 this afternoon. I shall not need to be there, because it contains no principle to which I am opposed.

Hon. Mr. DANDURAND: I simply want to say a word as to the reasons why the Government, represented by my humble self, did not raise any special objection to the form of our amendments at the time they were being made in the Banking and Commerce Committee. I objected to the principal amendment, that concerning the Civil Service Commission, and, if my memory serves me rightly, we divided on this matter. Before the Bill was sent from this Chamber to the other House, the honourable senator from Ottawa East (Hon. Mr. Coté) expressed the same opinion that the Department of Justice has now expressed, that the amendment would cause the dismissal of the present employees at the harbours.

May I draw this to my right honourable friend's attention, so he may think the matter over during the adjournment? It will be recalled that when the Department of Mines and Resources Bill was before us it was explained that the Minister desired to have in his own hands the primary organization of the new department before placing it under the Civil Service Commission. The Minister appeared before the Banking and Commerce Committee, and after he had been heard the Bill was agreed to.

Right Hon. Mr. MEIGHEN: I was not there.

Hon. Mr. DANDURAND: The same principle applies in this case.

Hon. Mr. BALLANTYNE: Oh, no.

Hon. Mr. DANDURAND: I submit it does. The Minister contends that if our amendments prevailed, men who have been on the harbour staffs for twenty-five years could not be blanketed. He desires that the National Harbours Board should have a free hand in the organization of its system.

Hon. Mr. BALLANTYNE: The harbour commissioners have a free hand now.

Hon. Mr. DANDURAND: They have. So I think the question narrows down to whether the Civil Service Commission should be brought in to set up the organization. The Minister, as in the other case, suggests that he should have full discretion.

My right honourable friend says the present Government appears to think we should attend simply to very minor matters with respect to the legislation which comes before us. I draw his attention to a very important matter, that of policy. When we differ on policy, there arises the question whether it is within our power to insist that our policy prevail over that of the Commons. That question we may discuss later.

The Hon. the SPEAKER: It is moved by Senator Dandurand, seconded by Senator Robinson, that the Senate do not insist on the first, second, third and fifth amendments made by this House to Bill 17, an Act respecting the National Harbours Board. Is it your pleasure, honourable senators, to adopt the motion?

Right Hon. Mr. MEIGHEN: No. I desire to adjourn the debate until a later sitting to-day.

The debate was adjourned.

PRIVATE BILL

REMISSION OF FEES

Hon. L. COTE (for Hon. Mr. L'Espérance) moved:

That the parliamentary fees paid on Bill O2, an Act to incorporate Quebec and Montmorency Railway Company, be refunded to the solicitors for the petitioners, less printing and translation costs.

He said: This Bill was passed by the Senate, but was abandoned in the House of Commons.

The motion was agreed to.

BUSINESS OF THE SENATE

Right Hon. Mr. GRAHAM: I desire to notify members of the Banking and Commerce Committee that there will be a meeting at 3 o'clock this afternoon to consider the Broadcasting Bill.

The Senate adjourned until 4 o'clock this day.

Second Sitting

The Senate met at 4 p.m., the Speaker in the Chair.

BROADCASTING BILL

THIRD READING

Bill 103, an Act respecting Broadcasting.—Hon. Mr. Dandurand.

TRANS-CANADA ROUTE—MONTREAL-OTTAWA SECTION

INQUIRY

Hon. Mr. SAUVE inquired of the Government:

1. Has the right of way of the interprovincial or Trans-Canada route between Montreal and Ottawa been modified since fixed to go across the counties of Jacques Cartier, Laval, Two Mountains and part of Argenteuil until reaching Perley Bridge at Grenville, P.Q.; if so, for what reason?
2. Were the works for that road commenced between Grenville and Lachute; if so, what was the amount spent?

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

1. The Province of Quebec has not advised the Dominion of any change in the route of the Trans-Canada Highway between Montreal and Hawkesbury from that designated by executive order of the province dated March 25, 1933.

2. Under the provisions of the Relief Act, 1933, the Dominion agreed to contribute $7,500 toward the cost of work proposed to be carried out by the province on the section of highway No. 8 west of Lachute.

The Department of Labour is communicating with the province for further information.

NATIONAL HARBOURS BOARD BILL

MESSAGE FROM HOUSE OF COMMONS—REFERRED TO COMMITTEE

The Senate resumed the adjourned debate on the message from the House of Commons respecting the amendments made by the Senate to Bill 17, an Act respecting the National Harbours Board.

Hon. Mr. DANDURAND: I move that we do not insist on our amendments.

Right Hon. Mr. MEIGHEN: Honourable members, there has been some discussion of these representations from the House of Commons with respect to our amendments, and I do not intend to traverse the question at any length now.

A study of the first amendment confirms me in my opinion that the only proper course to take is to have appointments in connection with this branch of the Public Service under the Civil Service Commission. I am not yet convinced that it cannot be done. It has been urged upon me, I fear with some force, that we do not accomplish as much by our amendment as was intended. Apparently the Government has dismissed all the harbour commissions. Up to the present the harbour commission for each port employed its own staff, which was retained with fair consistency by succeeding commissions for the same port. The Government has now appointed two of its officials as commissioners for each of the harbours under federal supervision. The effect of this is that each harbour now has a commission, but the same men are commissioners of all the harbours directly under the Minister and are able to do, with respect to administration, all that the old commissions could do singly or in the aggregate.

Hon. Mr. GRIESBACH: By what authority is that?

Right Hon. Mr. MEIGHEN: I do not know of any authority for it. The honourable member behind me forgets that authority of statute or law is not necessary, as this has been done by a group of men who got into power by denouncing autocracy.

Hon. Mr. DANDURAND: They are Liberals.

Right Hon. Mr. MEIGHEN: Yes. Consequently, whatever we may do with respect to this amendment can, to a great degree at all events, be circumvented if they take no action or make no attempt to put the new law into effect until what they desire has been accomplished: The information I get from Quebec is that this method has mostly been followed.

Apparently we are confronted with a continuous delimitation and restriction, except for salaries, of the Civil Service Commission, the evident intention being that while this commission may enjoy its remuneration it shall be denuded, step by step, of its authority. I suppose the commission will be able to say, as did the Earl of Worcester when he was leading a civil war and was being urged to make peace with the King on condition that he and his officers should be given comfortable

posts of idleness in the service: "And we shall feed like oxen at a stall, the better cherish'd, still the nearer death."

My own opinion now is, as respects this clause and the others which I have stated we feel like insisting on, that perhaps we could get the most out of them by consideration in committee. I do not want to delay the House at all. On the contrary, I think we should probably reach an agreement more expeditiously if we referred the message to the same committee. The Minister should be there if required, so we could hear what it is possible to say with regard to the effect of the amendments made. I would not ask this if I did not think they were very important. I think we should adopt the course of affording all the safeguards possible, and I believe this could be done better and more quickly in committee.

Hon. Mr. BALLANTYNE: As I spoke at considerable length on the second reading of this Bill, I shall delay this honourable House for only a few moments. Permit me to say at the outset that I am very much disappointed, indeed, at the attitude the Minister has taken in regard to the very sensible amendments which this House has made to the Harbours Board Bill. I think honourable members will believe me when I say that I have not in mind any political idea, nor had I any when I suggested the amendments on the second reading of the Bill. I was prompted by the fact that during my six years' experience as commissioner of the port of Montreal—five under the Hon. Mr. Brodeur and one under the Hon. Mr. Hazen—we were entirely free from politics. As to the efficiency and economy of the management of the port during that period I am quite willing to take the judgment of the Shipping Federation and the Board of Trade. The records will speak for themselves. When I became Minister I kept in touch with all the harbour boards there were at that time. I think there were only two, Montreal and Quebec. Vancouver came in later. I did not interfere with them at all, and I challenge any man in this House or outside of it to produce a single communication from me, as Minister, suggesting that anything should be done from a political point of view.

Here we have before us again this most important Bill dealing with our national harbours—our exports and our imports. It would be a matter of great regret to me to see those ports bedevilled with politics. As I said on a previous occasion, if I now had the responsibility of the Minister of Marine I would welcome the inclusion of the permanent staff and the seasonal staff under the Civil Service Commission, leaving to the port manager the appointment of the labourers who come and go; and I would strongly favour the opening of tenders in public. I would advocate that for my own preservation, my own peace of mind.

Let me visualize once more the position the port managers are going to be in. Most of their time will be taken up by people seeking positions. What a fine thing it would be for a port manager to be able to say to those people: "I deal only with the labouring men, the seasonal employees; the permanent staff is under the Civil Service Commission." The same answer could be made by the central board, and also by the Minister. When I was considering and offering these amendments my one and only purpose was to ease the terrific pressure that would be brought to bear, to an even greater degree because of the depression, by the people to whom I have just referred. The present Minister apparently holds a contrary view.

I regret to say that information which has already reached me is very disturbing. While the permanent staffs remain—they have to remain for some time at least, because these great ports could not be operated by any but expert men who have been there for a great number of years—the seasonal staffs have been completely wiped out. The honourable senator from La Salle (Hon. Mr. Moraud) told this House a few days ago that in his city, Quebec, there is a patronage committee and the dismissal of port employees is now in the hands, not of the port management, the board, or the Minister, but of that patronage committee. A similar condition will prevail in the port of Montreal and all the other ports if the Minister and the Government of the day are satisfied to be dictated to by a patronage committee in each of those ports. There is a great responsibility resting upon the Minister and upon the Government. I have done my full duty as a member of this House in pointing out the difficulties we had to contend with in years gone by. I have shown what great efficiency the harbour commission of Montreal was able to develop by being free from patronage, and I have done all I could to impress upon this House, the Minister and the Government the desirability of emulating the practice followed by former ministers whom I have mentioned, and of striving to the utmost to keep these great national enterprises free from political patronage. We have been cursed with patronage, regardless of which party has been in power, Conservative or Liberal, and now apparently the intention is to carry it on wholesale from one end of the country to the other. I deeply regret this.

I think that, as my right honourable leader suggests, we should have this matter referred back to the Committee on Railways, Telegraphs and Harbours. I was not impressed with the long statement read by the honourable leader at this morning's sitting to the effect that when the Act came into operation the board would have no employees at all. Any legal man could draw up a document of that kind. It does not give us any information. It was not necessary for the Minister to get such an opinion from the Justice Department, nor even to have the document typewritten for presentation to this House, for we all were perfectly well aware of what is therein set out. The difficulty in connection with the employees, other than those on a permanent basis—and I suppose there are not altogether more than 150 in that class—could be overcome by inserting in the Bill a clause that the Act shall not be proclaimed until such time as the Civil Service Commission, under Mr. Bland, has classified the service. So all the objections mentioned in the honourable leader's statement are not impressive at all.

Now I turn to another matter. Having lived quite a few years and belonged to both parties, I think I know how the political machine operates, both inside and outside. I certainly should feel keenly disappointed if any Minister of Public Works, in either a Conservative or a Liberal Government, were to adopt the practice of letting contracts secretly, within the confines of his own office. The contracts that are let run into billions of dollars a year—

Hon. Mr. KING: That is not done, is it?

Hon. Mr. BALLANTYNE: Of course it is done. But during the five years that Mr. Stewart, the late Minister of Public Works, was in office, the practice was to announce that tenders for such-and-such a contract would be opened on a certain day at 12 noon. At the appointed time the Deputy Minister, Mr. Hunter, in the presence of the contractors who had tendered, would open the tenders and call them out, the contract being awarded to the lowest bidder, provided he was able to carry it out.

Hon. Mr. KING: I should like my honourable friend to answer this important question. Was there not a selected list of contractors?

Hon. Mr. BALLANTYNE: Not at all.

Hon. Mr. KING: We shall see.

Hon. Mr. BALLANTYNE: I do not want to go into details on the floor of the Chamber, but I can assure my honourable friend that if he will go down and ask Mr. Hunter for a statement of the people to whom contracts were awarded, he will be amazed to see how many of the contractors were Liberals.

Hon. Mr. KING: But a number of contractors were not on the list.

Hon. Mr. HAIG: I know that what my honourable friend from Alma (Hon. Mr. Ballantyne) says is correct. Anyone who desired to do so could procure a copy of the plans and specifications for any proposed work and put in his tender. It made no difference whether the tenderer was a Liberal or a Conservative. I know that is what happened in Manitoba. Deer Lodge hospital was built by a Liberal—

Hon. Mr. KING: When I was the Minister.

Hon. Mr. HAIG: No, you were not. The contract was let in 1933.

Hon. Mr. KING: That was for an addition.

Hon. Mr. BALLANTYNE: The honourable leader will not claim that Mr. Janin belongs to the Conservative party?

Hon. Mr. PARENT: You never can tell to what party a contractor belongs.

Hon. Mr. BALLANTYNE: The contract for the Customs building in Montreal was given to Janin & Company. Surely we have reached the point where ministers and governments in this country should rise above petty patronage in connection with the management of such large national undertakings as our harbours. Why should not tenders be opened publicly and the contract awarded to the lowest bidder?

If the Government wants to take the responsibility of running these harbours strictly from a patronage point of view and by three men here at Ottawa, I can only say that I am sorry for the Dominion of Canada. In my opinion our export and import trade will suffer and it will not be long before the system will have to be changed.

It certainly would have been better had the Government decided to implement another of the proposals of Sir Alexander Gibb instead of this one. He did not make concrete recommendations, but he made suggestions. It would have been better to adopt his suggestion that the harbours should be continued under the control of local boards, which, however, should not have the power to incur any capital expenditure without the approval of the central board. Under that plan the harbours would be kept under local

control—the importance of which feature Sir Alexander Gibb stresses time and time again—and the central board would provide safeguards with regard to finances.

As I have said, inasmuch as the Government has to carry the responsibility, I approve of the principle of the Bill. I hope the scheme will work. But because all the employees, all the purchasing and all the contracts will be under the control of three men here, I do not believe it will work.

Hon. Mr. DANDURAND: Honourable senators, my honourable friend knows that during the years when he was a member of the harbour commission of Montreal, in the régime of Sir Wilfrid Laurier, he never received from me a letter stating what I thought should be done or asking a favour for anyone, although I think I can say I was fairly well in the centre of political affairs in Montreal. It gives me a feeling of satisfaction that the decision was to leave the harbour commissioners free to administer that port. We have the statement of my honourable friend that the commission was not interfered with in the least, but, on the contrary, was supported by the then Minister of Marine, Mr. Brodeur, and by Sir Wilfrid Laurier—

Hon. Mr. BALLANTYNE: And by Mr. Hazen.

Hon. Mr. DANDURAND: Yes, in the Government that followed.

Hon. Mr. BALLANTYNE: And also by myself.

Hon. Mr. DANDURAND: My honourable friend says that patronage should be abolished and appointments made under the Civil Service Commission. Well, I should say that in ninety-nine cases out of a hundred, if not in every case, the positions with respect to which pressure would be exerted on behalf of applicants are such that they would not come under the Civil Service Commission, for they are below those in the permanent grades. My honourable friend admits to-day, in this month of June, seven or eight months after the present Administration assumed office, that the permanent staffs have not been disturbed. To my knowledge they have not been disturbed for the last twenty-five years. I have always noticed the same men doing the work, regardless of what party happened to be in power. The point I want to make is that even if the Civil Service Commission were given the suggested control there still would be a large number of positions with respect to which patronage could come into play.

It has been urged that tenders should be opened publicly. I will not deal with that subject now. I accept the suggestion of my right honourable friend who leads the other side, and I move that these amendments be referred to the Committee on Railways, Telegraphs and Harbours. I shall try to have the Minister of Marine and Fisheries present at the committee.

This morning my right honourable friend complained that the Minister had not expressed disapproval of our amendments when they were being considered in committee. I communicated my right honourable friend's remarks to the Minister. His answer surprised me, but I recall the incident to which he refers. He said: "I went to the committee. You asked me to express my view on the amendment to give control to the Civil Service Commission, and the Right Hon. Mr. Meighen said he did not need my opinion. So, of course, I refrained from stating it."

Right Hon. Mr. MEIGHEN: I want to put it on record that the Minister's statement is not quite correct. What was under discussion at the time he refers to was the principle of the use of the Civil Service Commission. And when my honourable friend, I think, suggested that we might hear from the Minister, I stated that I did not think his views would be any different from those that had already been fully expressed by the leader of the Government.

The motion was agreed to.

BANK OF CANADA BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 82, an Act to amend the Bank of Canada Act.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have given as much study as time permitted to this long prognosticated measure. If in these strenuous hours at the close of the session a very tired man can completely succumb to a sense of humour, I am under the impression that I have done so in consequence of all that has taken place with respect to this Bank of Canada.

Two years ago Parliament passed the legislation establishing the Bank of Canada. It was to be privately owned; that is, the public were to be invited to subscribe the capital, $5,000,000. The bank was to be managed by a board of directors elected by the owners of that capital stock. There were to be appointed by the Governor in Council a Governor and a Deputy Governor. The Bill provided further—I have the quotations before

me if any honourable member desires them —that there should be an executive committee of the board composed of the Governor, the Deputy Governor and one director to be chosen by the directors, and that it should have all the powers of the board—not part but all—and should be the committee of management, and should report its decisions to the board. I ask honourable members particulaly to note that the executive committee merely reported its decisions to the board, and its executive acts the board had no power to disapprove.

The by-laws of the bank were to be prepared and issued by the Governor in Council —the Government of Canada. The by-laws covered everything of any import at all in connection with the bank and its management and the transference of its shares. The by-laws could be amended or altered by the Governor in Council. The board could not amend or alter by-laws, but could suggest or submit amendments, which Council alone could make effective. The Governor in Council could alter by-laws without any representations from the board whatever.

The Act contained this further clause, that no one should hold more than fifty shares of, I think, $50 each, and that at an annual meeting no one except the Minister of Finance could vote more than fifty shares. Therefore no one but the Minister of Finance could collect proxies, and he alone was in a position to vote the stock at the annual meeting. All the annual meeting could do would be to elect these directors with the status—for I will not say powers—that they really had under the Act.

It was provided further that no action of the directors on any subject should have any effect unless concurred in by the Governor of the bank or, in his absence, by the Deputy Governor. Honourable members will be wondering now, and did no doubt wonder at the time, what effective control that board of directors had. My answer is, it had none at all. It just represented a public interest in the ownership of the bank, but the incidence of ownership, the authority that normally grows out of ownership, was shorn from it and kept in the hands of the Governor in Council and its appointees.

The Governor of the bank, appointed by the Governor in Council, was to hold office for ten years, but on good behaviour at the pleasure of the Governor in Council. The Deputy Governor was appointed in the same manner and under the same conditions.

I do not think anyone will seriously suggest there was anything in the way of control that was not entirely in the hands of the Governor in Council, representing the people of Canada. The money was procured, and the public interest was, as it were, collected and focused on the institution, by the plan of having small stock holdings in the hands of a great many people scattered all over our country.

It was further provided that the virtual ownership was in the Crown, in the State of Canada. Though the money was subscribed outside, the stockholders were entitled to only 4½ per cent, and all money earned over that was the property of the State. On any discontinuance or liquidation—though such a thing could hardly be thought of—all they got back was the money they had invested.

This seemed to be pretty satisfactory from the standpoint of the most ardent exponents of Government control of the bank. I do not know what more in the way of practical value could even be dreamt of by any individual. It did not, of course, satisfy a certain class in our country, who think that if you just run a banking system on sufficiently generous principles everybody will be in possession of all the currency he needs, and that nothing but a sinister money power withholds that plenitude of currency from everybody. The cry went forth, in language that is so familiar, that this institution had to be nationalized—had to be the property of, and to be managed for, the people of Canada, free from the money power, and particularly that there should be expansion of currency in terms of the public need. I notice many honourable members smiling at those words, that currency should be issued in terms of the public need. Those words were used by the present Prime Minister and by one of the most active members of the other House, then looked upon by many, and certainly by himself, as an eminent authority on matters of finance and currency—the present member for Vancouver.

Thus the public were excited on this question of a central bank; thus many of them were led to believe that money power had triumphed under the late Government and had dictated the terms of the measure of which this House approved, I think, unanimously, just two years ago. Thus they believed that if only men of other principles, men dominated by love of the people and not by affiliation with the money power, could get into control, currency would be issued "in terms of the public need"; which, of course, was interpreted by the member to whom I have referred, and by many another man now elected to the House of Commons, as meaning that everybody who felt great

need of currency would get just the amount of currency for which he longed. That class of votes was appealed to in the campaign. It was pretty numerous. It embraces many well-meaning people, for there are vast numbers who cannot be expected to have a very practical grasp of the real purpose, function and destiny of currency and all the difficulties under which the financial system of a single country, one of a family of nations, must be carried on.

And so we were told we were to have a revision in order that those great public needs might be attained. We were to have a revision this session that would make this new central bank the real property of the State, that would restore control to the Government of the nation for the people of the nation, with full mandate to issue currency in terms of the need of the people. That is to say, the more the need the greater the currency, and the currency would flow where it was needed—not remain merely in the hands of those who were its rightful possessors.

Well, here we have this Bill. I will give the House the particulars in which the measure changes the law. First of all, it provides that the Government of Canada shall subscribe for another issue of $5,100,000 of the capital stock at the price paid by the public. That is $100,000 more than the total capital stock now held by the public, and therefore, according to the pretext of the advocates of the measure, gives the Government something in the nature of more authority, derived from more ownership. This further subscription is not built upon the theory that any more money is needed for the capital of the bank. Even the Minister who introduced the Bill did not suggest that more capital was needed. The bank has all the capital it can make use of. When Australia established a central bank no capital at all was subscribed. The Government there just lent the central bank such working capital as it desired. With the franchises, the tremendous powers, possessed by a central bank, there is nothing to prevent it from earning sufficient money to justify its financial existence without its requiring much in the way of capital. So the capital, so far as it lies in the vaults of the bank, is redundant.

At this point may I introduce a little recollection. It is about three days since we sat in committee on the Income War Tax Bill. We discovered there a shocking fact—for it was pronounced shocking even by the Government officials, and justified only because absolutely necessary—that business institutions in this country, small and great, struggling and affluent—if, indeed, any are affluent just now; most of them are struggling desperately—had again to be brought before the financial bar and assessed, one and all, for taxes on moneys earned as far back as the beginning of 1934. Business firms which had paid all taxes the law called for, all their income tax and corporation assessments, and held clear, complete receipts from the treasury of Canada, were called back, I say, to the taxation bar, and more money was demanded of them for these years. The only answer we got in asking for an explanation was, "$6,000,000." The Government had to have $6,000,000. All that money, or nearly all, is now shifted here. Those taxes were collected in order to put $5,100,000 into this central bank, which has no need of it. That is one way of stating the case, honourable members. But the true explanation is this: it is done in order to enable the Administration to find a way out—to make a pretence to the people of Canada of executing a promise that meant something, and to pay for its own vindication out of the treasury. After the money is in the bank, and after the Government has elected the majority of directors, the people have not one atom more of control over that bank than they had last year, or when the Act was passed; not the shade of a shadow of an atom. The control is the same as before.

I questioned the Deputy Minister of Finance. He said there was now more control, and this is how he explained it. He said control was exercised previously by the executive committee, consisting of the Governor and the Deputy Governor—both appointed by the Governor in Council—and one director. If the officials appointed by the Governor in Council did not do what he desired them to do he could discharge them. The Governor in Council, of course, would be thoroughly justified in dismissing them, because the whole spirit of the law was that the policy and administration of the bank should be centred in and derived from the Governor in Council. Appointees of the Government, though men of financial experience and learning, necessarily follow in matters of policy the dictates of the Administration. There, he said, was the difficulty. But now, he said, inasmuch as this new board is to be named by the Government, the resolutions of the board are going to be resolutions favourable to the Government, and therefore there is more control than there was before.

Let us examine that statement. Suppose the board named by the Government, or one of the members of the board—enough to carry the majority to the other side—disagrees with the Government. What can the Government do? It can do exactly what it

could do before; it can fire that man. This measure is just one more assertion of supremacy; under it there is not a whit or shadow, not the remotest essence, of additional power given to the Governor in Council.

I suppose nobody can take objection to the Bill. Certainly there would be no sense in defeating it. Money has been collected from the hard-ridden taxpayers merely to make a pile of redundancy in the treasury of the new bank. There is all the control over the bank that any man could desire. It is the same as before, and the principle of organization is not changed one iota. I cannot see, therefore, why those who agree with the principle of 100 per cent control in one form should have any very serious objection to the principle of 100 per cent control in another.

Hon. Mr. DANDURAND: I am glad to understand from the conclusion of my right honourable friend's remarks that he is going to accept the measure as it came from the House of Commons and to give it his support.

Right Hon. Mr. MEIGHEN: Yes, for third reading.

Hon. Mr. DANDURAND: When the original Bill was introduced, two years ago, the Minister of Finance and the Prime Minister emphasized the fact that the bank was to be a publicly owned institution, not a privately owned one. Comparison was made with the Bank of England and the Bank of France, the assumption being that the Bank of Canada would not be state-controlled.

Right Hon. Mr. MEIGHEN: A wrong assumption.

Hon. Mr. DANDURAND: Yet, when we looked into the Act, to see how the bank would function, we discovered that it appeared to be a half private and half public institution. The public were faced with the situation that all the capital was in private hands, and throughout the land there was considerable protest against the idea that a privately owned institution should control our currency and credit.

Right Hon. Mr. MEIGHEN: It did not control. No private parties controlled anything.

Hon. Mr. DANDURAND: It was to be assumed from the statements of the founders of the bank that it could not be a publicly owned institution. Public opinion divided on this point, many people holding that it should not be publicly owned. I heard many discussions, even among friends who are interested in banking and financial institutions, in opposition to the idea of a privately owned central bank. The leader of the Liberal party in the House of Commons made the statement, and he repeated it to the public, that he would see that this institution was publicly or governmentally controlled.

Right Hon. Mr. MEIGHEN: As it was before the vote.

Hon. Mr. DANDURAND: My right honourable friend has said that power and authority could be exercised by the Government. Be that as it may, to the public the whole institution appeared to be a privately owned institution, and from one end of the country to the other the people were discussing the merits of a privately owned institution as compared to one publicly owned. The present Government has made sure that everyone shall know what the institution is, and that the shareholders, the class who generally own an institution, are to be represented by the majority vote of the Government.

My right honourable friend has said that the power which the Government exercised under the old Act has not been increased. Well, the Deputy Minister this morning expressed the view that there was a greater safeguard or greater control.

Right Hon. Mr. MEIGHEN: The poor fellow had to say that.

Hon. Mr. DANDURAND: I shall not go into details. One thing is sure: in appearance and in fact the institution will be a Government-controlled institution.

I quite realize that this form of central bank is not acceptable to many who from the beginning have thought that all kinds of people should be able to approach the institution for the purpose of securing credit. Two years ago they were disappointed, and they are disappointed again to-day, because it is not the function of the Bank of Canada to deal directly with the public. I need not explain the operations of the bank; we all know what they are. Nevertheless I believe that all who are interested in the principles of finance which we have always regarded as orthodox will be satisfied with the powers reposed in this institution, and that it will work for the best advantage of Canada.

Right Hon. Mr. MEIGHEN: They have changed the colour of the smock.

Right Hon. Mr. GRAHAM: That is what they did in Italy, and they won.

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

CRIMINAL CODE BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 96, an Act to amend the Criminal Code.

He said: Honourable senators, the first clause of this Bill repeals section 98 of the Criminal Code. A measure for the repeal of this section has been passed by the House of Commons on a number of occasions and rejected by the Senate. In the last election campaign the section was attacked from various angles, and its repeal was one of the planks of the Liberal party.

From a memorandum that I have here I will attempt to give a brief history of the section.

During the War, in Canada as well as in other countries engaged in the struggle, there were, under War Measures Acts here and elsewhere, special rules, special regulations and special orders which were in themselves infringements of the liberty of the citizen. In times of war such measures have to be resorted to. But it must be done in such a way as to safeguard the liberties and the rights of private citizens. At all events, after the War was over, these enactments disappeared from the administration of other countries, but they were replaced in Canada in 1919 by section 98 of the Criminal Code. Honourable members will recall an agitation in Britain about that famous war-time Act called Dora—Defence of the Realm Act—which was finally repealed. The same thing happened everywhere. I call attention to some of the provisions of Order in Council P.C. 2384 of the Dominion of Canada, enacted under the War Measures Act. In this Order in Council, dated September 25, 1918, the provisions of section 98 are recited almost word for word, but always with this qualification at the end of every section of the order, "while Canada is engaged in war." You find that in section (b) of the Order in Council, which speaks of associations or organizations the purpose of which is to bring about any governmental, political, industrial or economic change—a most identical with the phraseology of section 98, but with these additional words: "while Canada is engaged in war."

In 1919, after the War, and after the troubles that occurred in Winnipeg, the Government of the day appointed a parliamentary committee to consider amendments to the Criminal Code, and that parliamentary committee brought in the report upon which section 98 was based. Since then continuous attempts have been made for the repeal of this section.

Hon. Mr. GORDON: By whom have continuous attempts been made?

Right Hon. Mr. GRAHAM.

Hon. Mr. DANDURAND: Organized labour in Canada. The Trades and Labour Congress of Canada at every annual meeting has passed a resolution asking for the repeal of this section. No one was more persevering in that demand or more eloquent in presenting it than Mr. Tom Moore, who was then president of the Trades and Labour Congress of Canada. Mr. Moore has, I believe, the confidence of everybody in Canada.

What are the reasons for the repeal of section 98? First, we believe it is dangerous to perpetuate in peace-time enactments which are war-time measures and designed to meet special emergencies due to some extent to the natural panic which exists in time of war. The danger is mainly because of the precedent which is created. If we can put aside the ordinary rules of law on a matter of this kind, why not put them aside on other matters as well? And this creates a precedent that might be harmful under other circumstances. There are things in this section which are not susceptible of defence. To say that the police may authorize any private citizen to search my home, or the home of anyone in Canada, on the mere suspicion that they may find literature which is objectionable, is contrary to all principes of law the world over. I think everyone will agree that the separation of powers is a necessary guarantee in the administration of justice. It is not right that the police, who are entrusted with the duty of carrying into execution the orders of the court, should become the court itself. The police are clothed with some judicial powers when they are permitted to authorize any private citizen to search premises for the purpose of finding literature. This cannot be defended.

This has given rise to many incidents which certainly cannot be considered as fair. In Western Canada during the War, under the provisions of a similar Order in Council, people of foreign language saw their bibles confiscated because they were printed in a language which the police could not understand. A man was arrested because he had in his possession a copy of Plato's Republic.

Right Hon. Mr. MEIGHEN: That was not under this clause.

Hon. Mr. DANDURAND: It was under an Order in Council.

Right Hon. Mr. MEIGHEN: No. That was under something entirely different.

Hon. Mr. DANDURAND: In the United States, under a similar provision—

Hon. Mr. GORDON: But Americans are not under section 98.

Hon. Mr. DANDURAND: —a man was arrested because he had in his possession some literature that happened to have been written by Thomas Jefferson, who was one of the authors of the Declaration of Independence and later President of the United States. When the man told that to the officer who arrested him the officer replied, "Well, we will take care of you now and we will get that man Jefferson afterwards."

May I refer also to the presumption of guilt which appears here. A man is seen at a meeting of one of these so-called illegal associations, and he is presumed guilty. If he does not prove that he is not guilty he is liable to be sentenced to gaol for twenty years. It is prohibited, under possible penalty of twenty years, to import any book in which there may be something which defends revolution. Some people were afraid that the reading of a book in which the War of Independence between England and the United States was justified would render them liable to imprisonment for twenty years under this section. Even under the war Order in Council the maximum penalty was five years, but because of that panic in 1919 a man who merely had a book in his possession might be sent to gaol for twenty years.

We have in the Criminal Code, which is based on the common law of England, all the provisions which make English law and British justice sufficient to meet all emergencies. The common law relating to sedition is already in our Criminal Code and always has been. Section 133 says:

133. Seditious words are words expressive of a seditious intention.

2. A seditious libel is a libel expressive of a seditious intention.

3. A seditious conspiracy is an agreement between two or more persons to carry into execution a seditious intention.

Then section 134 states:

Everyone is guilty of an indictable offence and liable to imprisonment for a term of not more than twenty years—

That is the same as in England.

—who speaks any seditious words or publishes any seditious libel or is a party to any seditious conspiracy.

This crime of sedition has been discussed in Great Britain on many, many occasions. In Halsbury's Laws of England, second edition, volume 9, sedition is defined at page 302:

Sedition is a misdemeanour at common law consisting of acts done, words spoken and published, or writings capable of being a libel published, in each case with a seditious intention.

Where the words are oral the offence is called the speaking of seditious words; where the words are written, the offence is called the publication of seditious libel; where two or more combine for the furtherance of a seditious intention the offence is called seditious conspiracy.

At page 303:

Every person is guilty of the common law misdemeanour of speaking seditious words—

And this applies to us.

—who speaks and publishes words with a seditious intention.

Every person is guilty of the common law misdeameanour of seditious libel who publishes matter containing anything capable of being a libel, with a seditious intention.

There the punishment is fixed at a term not exceeding two years. What I find in those decisions is rather that in Great Britain there has to be something constituting an overt act, not merely an opinion which people might hold. It is not until it is transformed into an overt act which might be dangerous to the peace of the State that it becomes an offence. The principle in that regard cannot be better expressed than in the words of Thomas Erskine in his celebrated speech on the trial of Thomas Paine. He said:

His opinions were adverse to our system—but I maintain that opinion is free, and that conduct alone is amenable to the law.

May I also quote what Macaulay said in his essay on Hallam?

To punish a man because he has committed a crime, or because he is believed, though unjustly, to have committed a crime, is not persecution. To punish a man because we infer from the nature of some doctrine which he holds, or from the conduct of other persons who hold the same doctrines with him, that he will commit a crime, is persecution, and is, in every case, foolish and wicked.

The Bill adds a few words to section 133. They may not be necessary, but the reason for adding them is to make it clearer that nobody can by words or writing preach the use of force to bring about governmental changes. In some of the judgments the courts seem to have required that it must be proved that the words or the teachings were strong enough to lead to disturbance, disorder and trouble. This is merely to make it absolutely clear that nobody should be allowed to teach the use of force to bring about change of government in Canada.

Has section 98 prevented any person from being a Communist? A man named Tim Buck was sent to gaol because of a breach of section 98. The Government which enacted the legislation was responsible for his release after he had served only half his term. The first thing he did upon release was to hold meetings in Montreal, Toronto and Ottawa. What good did that do? As a matter of fact he ran for Parliament. Did section 98 pre-

vent Communist candidates from appearing against other candidates in the last election? If the section is useless, why keep it?

May I also call attention to this point? Why should there be talk only of Communists when it comes to this question? The Fascists, the Nazis in Germany, are just as violent concerning change of government as are the Communists. I think we have in the Criminal Code, under the sedition sections, quite enough to meet the Fascists and the Nazis as well as the Communists.

For these brief reasons I believe we had better return to our Criminal Code, which affords us all necessary protection against those who may wish to resort to force in one form or another.

Hon. Mr. GORDON: Is there anything on record to show that persons other than seditionists or Communists have suffered under section 98?

Hon. Mr. DANDURAND: I am not quite sure as to how many have been proceeded against under clause 98. Tim Buck—

Hon. Mr. GORDON: Are there any others?

Hon. Mr. DANDURAND: I cannot answer the question.

Hon. Mr. GORDON: Is this amendment introduced mainly because of Tim Buck's objection to section 98?

Hon. Mr. DANDURAND: No. I should think that any Communist who desired to preach his doctrines would be most happy to be prosecuted under section 98 in order to pose as a martyr and get into the limelight, as Tim Buck did.

Hon. Mr. GORDON: I never could see how any person except a seditionist need fear section 98. My honourable friend asks, if the law is useless why keep it on the Statute Book? I do not think that is a good reason for its repeal. It may have deterred many a would-be seditionist. That is what the section was enacted for—to forestall trouble, and it appears to have been pretty effective.

Right Hon. ARTHUR MEIGHEN: I find no fault with the discretion exercised by the honourable leader of the Government (Hon. Mr. Dandurand) in reading a memorandum from the honourable Minister of Justice instead of venturing to express his own views and giving his own reasons therefor. I feel confident that in his heart he has no sympathy at all with the terms of the memorandum, and I put it on record at the opening of my remarks that as a member of this House I feel a sense of insult and resentment that the honourable Minister of Justice should have addressed such a memorandum to us. No intelligent person could possibly come honestly to the opinion that that memorandum is a fair presentation or interpretation of the intent and effect of the section to be repealed.

The memorandum states that somebody—the implication is, because of this section—was arrested for having a copy of Plato's Republic. What is the purpose in telling that to the Senate? A tyro of the second book would know that under the authority of this section nobody could be lawfully arrested because he had that work in his possession, or the Bible or any similar work. I do not believe for a moment that under this section anybody was ever arrested even ostensibly for any such so-called offence. If he was arrested at all it would be in respect of something else, regarded as serious at the time of the War.

Then the memorandum goes on to tell us that under this section a man is to be punished for being a Communist. That is just plainly, openly and violently false—and I hope those words are carried. No man can be arrested under this section because he is a Communist or has any particular belief, whatever it may be.

The memorandum quotes an opinion of Macaulay's that it is only when the individual, having harboured wrong ideas, gives effect to them to the detriment of the State that he ought to be punished. Who within the four walls of Parliament or of anything other than a lunatic asylum would ever entertain a contrary opinion? This section never did, does not now, and never could punish anybody for harbouring an opinion, however foolish, lunatic or dangerous.

One would also think from the memorandum that this section was devised under the panic of war, to deal with offences which would never be offences in time of peace. I know the honourable leader of the Government does not think so; he never did. Does anyone suggest that in time of peace anyone should be allowed to advocate the use of force to bring about a change of government? Is that, all wrong in time of war, all right in time of peace? I know the Minister opposite does not think so. What is more, I know the Government does not think so.

The honourable leader of the Government tells us that this Bill, as representing the opinion of the Commons, has been presented to us frequently before, but we have always rejected it. I know he did not intend to mislead the House, and if he will reflect a

minute he will realize that that is all wrong. This Bill contains a whole gamut of provisions. I will deal with none except those affecting section 98. No such Bill as this affecting section 98 was ever presented here. This Bill repeals section 98, it is true, but in another section it restores section 98, or the full effect of it, after the repeal. To certain persons, some of them well-intentioned, but principally to the Communists whose votes it was necessary to secure by a promise of the repeal of section 98, the Government by this Bill gives the repeal with one hand, and from them it takes it back with the other.

I do not think the law will be in as good form after this Bill passes as it is now. I do not mean that afterwards anybody can do something forbidden under the present law. I cannot think of anything he could do then that he was forbidden to do before. I do not say there is no change. There is a change in respect of seizure, but that is a mere incident of the section. One would think this was the only place in the whole Criminal Code where drastic power is given with respect to seizure. There are other sections, dealing with seizure in gaming and bawdy houses and other places. But seizure is not essential to the wording of this section, and the same seizure rule might as well be adopted here as in respect to other offences against the Code. In that respect only is there any essential difference, save that under the law as it will be, everything will be forbidden, but forbidden in such a way that people will not so easily understand the prohibition. In section 98 what is forbidden is made definite and clear, so that any magistrate may know what it means. Under this Bill it is made general, less easily understood and applied; it is thrown back, in considerable measure, on the common law.

Let me develop the subject a little further. Section 98 makes it an offence to be a member of an unlawful association, and an unlawful association is one which professes as its principal teaching the overthrow of the governmental or economic or industrial system by force. To be a member of it is deemed to be an offence. I wonder if the member is thus being punished for opinions. Is it not for expression of opinions to the detriment of the State? A body is formed, and it professes a certain purpose which it is determined to effect, and the core and centre of that purpose is to overthrow the State by force. Does any honourable member suggest that it is merely the holding of an opinion to be a member of that organization, which has a definite, active purpose, professed and acceded to by all its members? I say that under this Bill, if it passes, and under the law as it then will be, nobody can be a member of such an association, for such membership is sedition, and sedition at common law is forbidden. So there is no change there. The law said there was a presumption a man was a member, not if he attended a public meeting, but if he attended a meeting of the association. If he was not a member it was not very hard for him to discharge the onus. All he had to do was to swear he was not a member. That is no great hardship! That presumption in similar cases runs through the Code almost from cover to cover. But to be a member of such an association will be an offence after this Bill passes.

So, I ask honourable members who have been seeking the repeal of section 98, what is the real difference? The trouble is, a great many people have been demanding the repeal of this section who did not know its real effect. Nothing forbidden under section 98 was lawful before section 98 was passed. The section simply made specific and definite a certain line of conduct which always had been sedition; but it was put in the form of words, definitely described so there would be warning to everybody that such a thing was sedition.

In this connection, I want to discuss what sedition is. In the common law of England sedition has not been defined, nor has fraud, for the very obvious reason that any definition that the wit of man could devise of either one or the other could be circumvented by some act which, while it would be sedition or fraud, would not be so within the definition. But sedition has always been a crime and heavily punished. The courts have decided on the facts just what constituted sedition, and out of those decisions there has grown a body of jurisprudence, which is in effect to-day in England, and indeed in all civilized countries, though not of course the same in all, that forbids sedition under all circumstances and at all times.

I am asked why I speak of the common law. We were, in respect of the criminal law, under the common law of England until 1892, when it was displaced to the extent that it was at variance with the Criminal Code then evolved and passed and incorporated in the law of Canada. Sir John Thompson, in explaining the provisions of the Code and the state of the law as it would be after that Code was established, made it very clear that, subject to the superior authority of the terms of the Code wherever the Code declared something to be an offence and prescribed the punishment, the common law of England still prevailed. Therefore, unless some act which under the common law of England would be held to be sedition was declared to be not

within the terms of the Code, that act was sedition still. On this point I shall quote from as good an authority as I can find—and I am sure no one will dispute it—in order that honourable senators may see just what is embraced within the very comprehensive term "sedition," and therefore what is also embraced within the meaning of that term in the law of Canada, because sedition is not defined in our Code. I quote from Archbold's Criminal Pleading, Evidence and Practice, 25th Edition, page 1070:

> Sedition, whether by words spoken or written, or by conduct,—

I hope honourable members will get the effect of those words.

> —is a misdemeanour indictable at common law, punishable by fine and imprisonment. It embraces all those practices, whether by word, deed, or writing, which fall short of high treason, but directly tend or have for their object to excite discontent or dissatisfaction: to excite illwill between different classes of the King's subjects; to create public disturbance, or to lead to civil war; to bring into hatred or contempt the sovereign or the government, the laws or constitution of the realm, and generally all endeavours to promote public disorder.

That is sedition as defined through the long succession of cases under the law of England, and that definition applies in this Dominion to-day. Under section 133 of our Code all such sedition—even the intent is there defined—is punishable by imprisonment up to a period of twenty years. The provisions of section 98 do not extend the ambit of that definition one iota. Under that description of sedition, as deduced from the common law, scores of offences are forbidden which are not forbidden by section 98 at all. Section 98 was nothing more nor less than a specific outline and description of a certain feature or element of sedition that always had been sedition. It was portrayed there so that all would know that attention was upon it, and that if sedition of that character was committed punishment would follow.

Now, what did the Government do? It promised to repeal section 98. I do not dispute that such a promise was made, and I know why it was made. Therefore it has a mandate. I do not question that at all. I am not saying what our duty would be, even under the compulsion of that mandate, if the very citadel of our country, the home fires of the nation, were imperilled by the repeal. I do not dispute the mandate, but I question what we should do were anything serious to happen by reason of this repeal. The law is strong and impervious, even with the repeal, and the whole promise was nothing but a roaring farce, nothing but a resounding fake.

Now I come to an outline of the law as it is to be. By section 4 of this Bill it is provided:

> Section one hundred and thirty-three of the said Act is amended by adding thereto as subsection four the following:
>
> "(4) Without limiting the generality of the meaning of the expression "seditious intention" everyone shall be presumed to have a seditious intention who publishes, or circulates any writing, printing or document in which it is advocated, or who teaches or advocates, the use, without the authority of law, of force, as a means of accomplishing any governmental change within Canada."

Under this provision a new presumption is raised, a presumption of guilt, if anyone utters or publishes or circulates anything advocating the use of force as a means of accomplishing governmental change. Perhaps it is in the minds of some honourable gentlemen that this provision does not go as far as the previous one, in that the former one forbade the doing of certain things as a means of bringing about either governmental change or economic or industrial change. But if honourable gentlemen will reflect on the actual facts, and will put the two sections together, they will see that they mean just the same thing. You cannot bring about economic change without governmental change; you cannot bring about industrial change without governmental change. The governmental system must be overthrown first in order that these other changes may follow. The words "economic and industrial change" were in fact just as unnecessary then as they are to-day. The only important purpose they served was to indicate to the people that certain conditions must not be overturned by force—that they must not advocate, or belong to an association whose active purpose was to advocate, the doing of these things. As I say, there is only one way to effect industrial or economic change by force, and that is to overturn the Government and our system of government; and the Government takes particular pains to point out to all and sundry that if they advocate such change they are presumed to be guilty of the intention of sedition.

The punishment is placed at twenty years, which is heavy enough, and just what it was before. The offence is just where it was before, and the law is just what it was before. The only difference, and this is incidental and unimportant, is in the method of procedure to convict. Still we have all this long dissertation about the horrors of section 98.

I do not think there is, or ever was, a good citizen in any part of Canada who, after studying section 98 in its essence, would have any objection to it. The denunciation of it

and the promise to repeal were only means to an end—an electoral end—and now we are given this repeal and this restoration, which are perhaps as fine a piece of political comedy as this century has seen.

Hon. Mr. DANDURAND: I shall not travel over the ground which has been covered by my right honourable friend. I shall simply ask the members of the Senate to read section 98 in order to understand how it came about that all the labour organizations in Canada—and I could name many—felt that their freedom was threatened.

Right Hon. Mr. MEIGHEN: They abandoned that hallucination.

Hon. Mr. DANDURAND: My right honourable friend admits that the common law as embodied in our Criminal Code contains all the powers of section 98. That is what the Minister of Justice has been contending for the last ten years; that section 98 was a special law made to meet special circumstances, and arose out of a threat of rebellion or general strike in Winnipeg, and that it was time we returned to normalcy. My right honourable friend says that all the power contained in section 98 is in the criminal law, and will be there to-morrow. We are in agreement.

Hon. J. T. HAIG: Honourable members, I should like to ask the honourable leader of the Government to tell us just why, from a legal standpoint, section 4 was put into this Bill? I suggest to him that by reason of the amendment of section 133 of the Code it will be as easy as it was before to convict of seditious conspiracy any person who belongs to an association. It will be just as easy as, if not easier than, it was under section 98.

Right Hon. Mr. GRAHAM: We are all through with section 98.

Hon. Mr. HAIG: No, we are not. Surely the right honourable gentleman from Eganville (Right Hon. Mr. Graham) will allow me to say a word or two on a subject that I think I know a little about.

Right Hon. Mr. GRAHAM: I could not stop you if I tried.

Hon. Mr. HAIG: I do not think it is fair for an old parliamentarian to try to prevent me from speaking, just because I am a greenhorn or a new member.

Right Hon. Mr. GRAHAM: I could not prevent you from speaking if I tried.

Hon. Mr. HAIG: You tried. I do not think it is fair that when a new member gets up to speak on a subject another member should try to stop him.

Right Hon. Mr. GRAHAM: I did not.

Hon. Mr. HAIG: Then I misunderstood the right honourable gentleman.

Right Hon. Mr. GRAHAM: You know an Irishman must speak out once in a while.

Hon. Mr. BALLANTYNE: Go ahead.

Right Hon. Mr. GRAHAM: Yes. Go ahead.

Hon. Mr. HAIG: The leader of the Government says this section came into being because of the Winnipeg strike. Those of us who live in Winnipeg know that the strike had nothing to do with the War at all. The War was all over; the peace was signed. Let me tell you what happened. Because of a dispute in certain industries all working persons in Winnipeg went on strike and took over control. Our bread wagons and milk wagons carried a sign, "Permitted to distribute by the consent of the Strike Committee." I ask the leader of the House what he would say if he had at home two, three, four or more children, and the only way in which he could get milk for them was to obtain it three or four miles away. There was a revolution, and the question arose whether under the criminal law of that time the Government authorities had any right to prevent the overthrow of the government of the city of Winnipeg by force. Section 98 was passed to meet that situation. The prosecution of Tim Buck, and the Toronto cases, are the only ones I know of that have occurred under the section. True, certain labour leaders were affected by it in 1919 and 1920.

Under section 4 of this Bill you make the law more comprehensive than it was before, because here you say intention is presumed against the accused. I cannot see why the members of the Government suggested to us last fall that they were going to repeal section 98. If that was their intention, why this section 4? Why did they not tell the people it was going in? I ask the leader of the Government to tell me anything the authorities could do under section 98 that they will not be able to do under this section. My honourable friend says that all that is contained in section 98 was contained in the law prior to section 98 being passed. I will not enter into an argument on that. Section 98 made it a crime for anyone to be a member of an association whose purpose was the overthrow of government by force. It was under that section that Tim Buck was con-

victed. Clause 4 of the Bill, as I have said, puts the onus on the accused. Under this clause any person accused of seditions intention will have thrown upon him the onus of proving his innocence. I am sure that the people of Manitoba, and of the West in general, understood that section 98 would be repealed absolutely. This Bill repeals it by one section and, in effect, re-enacts it by another.

Hon. Mr. DANDURAND: I should like to ask my honourable friend if he objects to that clause 4.

Hon. Mr. HAIG: I do not object to clause 4 at all, but I do object to the hypocrisy of repealing section 98 and re-enacting it by clause 4 of the Bill.

Hon. Mr. DANDURAND: Of course, I was not among those who went before the people in the last campaign advocating the repeal of section 98. Liberal candidates made repeal a plank in their platform. May I read to my honourable friends a statement made by the Minister of Justice when he moved the motion for second reading in the other House?

Right Hon. Mr. MEIGHEN: Do not read it again.

Hon. Mr. DANDURAND: It is a short extract:

> May I say here and now why I propose to add a few words to section 133? I do not think they are necessary—

He agrees with my honourable friend.

> —but it is merely to make it clearer that nobody can by words or writing preach the use of force to bring about governmental changes. I do it because in some of the judgments the courts seem to have required that it must be proved that the words or the teachings were strong enough to lead to disturbance, disorder and trouble. This is merely to make it absolutely clear that nobody should be allowed to teach the use of force to bring about change of government in Canada.

Hon. Mr. GORDON: May I enlighten my honourable friend the junior senator from Winnipeg (Hon. Mr. Haig)? I believe the Minister of Justice inserted clause 4 because he knew that without it no honest senator would vote for the repeal of section 98. That consideration justifies the vote I shall give. If it had not been for this clause 4, which amends section 133 of the Code, I should have voted against the repeal of section 98, even if I were the only senator to do so.

Hon. Mr. COTE: Honourable senators, may I say a few words? I think that the Minister of Justice inserted clause 4 not merely for the purpose of making the law clearer, but, as he indicated, to meet the decisions of the courts. Actually the effect is not so much to make the law clearer as to strengthen it, for the courts have become loathe to convict an accused person unless he has committed a series of overt acts from which seditious intention could be inferred. I am quite in sympathy with clause 4.

Hon. Mr. ROBINSON: If my honourable friend will pardon me, the debate is closed.

Hon. Mr. COTE: Who closed it?

Hon. Mr. ROBINSON: I understand the leader of the House (Hon. Mr. Dandurand) closed the debate when he made his reply.

Hon. Mr. COTE: Well, perhaps he will not object to my taking one or two minutes more. I am very glad to say that I sometimes receive more generous treatment from the honourable leader than from some old friends.

In this section 4 is involved a point of law which is interesting not only to lawyers, but to every citizen who concerns himself with matters affecting the safety of the State. Under this amendment it will be easier to obtain a conviction, for the Crown will not have to establish that the actions of the accused amount to an intention to bring about governmental changes by force. If the accused is a person who "publishes, or circulates any writing, printing or document in which it is advocated, or who teaches or advocates, the use, without the authority of law, of force, as a means of accomplishing any governmental change within Canada," he shall be presumed guilty. I am perfectly satisfied with this amendment. It goes farther than section 98 and justifies me in voting for the repeal of that section.

The Hon. the SPEAKER: Honourable senators, the question is on the motion for the second reading of the Bill.

Right Hon. Mr. MEIGHEN: Where is the honourable senator from Parkdale (Hon. Mr. Murdock)?

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

THIRD READING

Right Hon. Mr. MEIGHEN: If there is time, I think the Bill should be referred to committee. I am not opposing any of the clauses, but I think in some cases the draftsmanship is faulty.

Hon. Mr. DANDURAND: I thought the Law Clerk had indicated to me that the draftsmanship was all right.

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

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

CUSTOMS BILL (CANADIAN WATERS)

CONCURRENCE IN COMMONS AMENDMENT

Hon. RAOUL DANDURAND moved concurrence in the amendment made by the House of Commons to the Senate amendment to Bill 67, an Act to amend the Customs Act (Canadian Waters).

He said: This is an amendment to our amendment. Honourable members will recall that we increased the maximum penalty to $1,000, but we deleted the minimum penalty.

Right Hon. Mr. MEIGHEN: Of $50.

Hon. Mr. DANDURAND: Yes. The Commons ask that it be restored.

Right Hon. Mr. MEIGHEN: All right.

The motion was agreed to.

COPYRIGHT AMENDMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 55, an Act to amend The Copyright Amendment Act, 1931.

The Bill was read the first time.

SECOND READING

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

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

COMBINES INVESTIGATION BILL

INSISTENCE ON SENATE AMENDMENT

A message was received from the House of Commons with Bill 97, an Act to amend the Combines Investigation Act, disagreeing to the amendment made by the Senate to the Bill.

Hon. Mr. DANDURAND: My right honourable friend has heard the message from the House of Commons disagreeing to the amendment made by this House. I will move that—

Right Hon. Mr. MEIGHEN: —the Senate insist upon its amendment.

Hon. Mr. DANDURAND: —that the Senate do not insist upon its amendment. I suppose my right honourable friend, after having made a noble fight to affirm his own principles, will abide by the will of the Department of Justice, supported by the opinion of Mr. Justice Sedgewick, and will vote for my motion.

Right Hon. Mr. MEIGHEN: I do not know of any will of the Department of Justice in parliamentary matters, and I have not seen any opinion of the Department of Justice. To put it briefly—for I am certainly not going to debate the matter over again—I intend to resist the position of the Commons and to stand by the decision the Senate has taken.

The Hon. the SPEAKER: It is moved by Honourable Mr. Dandurand, seconded by Right Honourable Mr. Graham, that the Senate do not insist on its amendment to this Bill.

Some Hon. SENATORS: No.

Some Hon. SENATORS: Carried.

Right Hon. Mr. MEIGHEN: No, it is not carried. I do not see any object in debating the question further. The vote should be taken.

The motion was negatived: yeas, 7; nays, 17.

Hon. Mr. DANDURAND: My right honourable friend may move that a message be sent to the House of Commons informing that House that the Senate insists upon its amendment.

Right Hon. Mr. MEIGHEN: I do not think that is my function. The motion of the honourable leader has been defeated. It is for him now to make a motion that the House of Commons be informed accordingly. I am willing to second it.

Hon. Mr. LACASSE: Collusion.

Hon. Mr. GORDON: Try it next year again.

Hon. Mr. ROBINSON: Honourable senators, I move that a message be sent to the House of Commons to inform that House that the Senate insists upon its amendment made to this Bill.

Right Hon. Mr. MEIGHEN: I am very glad to second that.

The motion was agreed to.

NOVA SCOTIA AND PRINCE EDWARD ISLAND NATIONAL PARKS BILL

FIRST READING

A message was received from the House of Commons with Bill 102, an Act respecting the establishment of a National Park in each of the Provinces of Nova Scotia and Prince Edward Island.

The Bill was read the first time.

SECOND READING

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

Right Hon. Mr. MEIGHEN: Is this part of the programme of economy?

Hon. Mr. DANDURAND: The establishment of a park does not imply expenditure of money.

Right Hon. Mr. MEIGHEN: It does, to me.

Hon. Mr. BALLANTYNE: Are these places for the unemployed to sit in?

Hon. Mr. DANDURAND: The Bill reads as follows:

1. This Act may be cited as The Nova Scotia and Prince Edward Island National Parks Act, 1936.

2. The lands described in the schedule to this Act, the title to which has been vested in the Crown in the right of Canada, are hereby set apart as a National Park of Canada, and the said park shall be subject to the provisions of The National Parks Act, chapter thirty-three of the statutes of 1930.

3. The Governor in Council may, by proclamation, add to the said park such lands in Cape Breton as may be agreed upon by the province of Nova Scotia and Canada as being suitable for an addition to the said National Park, providing the province furnishes Canada with clear title to the said lands.

4. The Governor in Council may authorize the granting of leases to the settlers in the settlements at Pleasant Bay for their building sites and improved lands.

Those are the clauses dealing with Nova Scotia. The explanatory notes are as follows:

2. New areas to be administered and developed as national parks under the National Parks Act can be established only by Act of Parliament.

3. The clause provides for additions to the park area that may be desirable after further examination on the ground. There is a small area in the northern part of Cape Breton Island that it is intended to include in the park as soon as the province has surveyed the boundaries of the area and furnished the Dominion with a description of it. This particular area consists of a strip of provincially owned land immediately east of the county line between Inverness and Victoria counties and lies approximately west of the Aspy Bay district. While the size of this area is not known at the present time, it is not expected that it will exceed 25 square miles. Consideration may be given later to the addition of a small area of approximately 12 square miles in the Bras d'Or Lakes district.

4. There are some 50 families residing in the Pleasant Bay district, which area will be included in the national park. These settlements are well established and of long standing. While the province will acquire title to the land and convey it to the Dominion, it is desirable that provision be made so that the present owners may continue in residence under leasehold. There is no provision under the National Parks Act for the issue of leases for any lands except in regularly surveyed townsites. Clause 4 authorizes the Governor in Council to issue leases to these settlers covering their building sites and improved lands after such lands become part of the national park area. An annual rental will be payable to the Dominion for such leased properties.

Right Hon. Mr. MEIGHEN: There are as yet no national parks in Nova Scotia and Prince Edward Island?

Hon. Mr. DANDURAND: No.

Right Hon. Mr. GRAHAM: It may interest honourable members to know that the honourable senator from Prince (Hon. Mr. MacArthur) has offered free of cost a large tract of land in Prince Edward Island for use as a public park. I understand that his offer is now being considered by the Government.

Right Hon. Mr. MEIGHEN: I am in favour of the measure, especially if it is correct that there is now no national park in either province. The system appears to be that the province acquires the title and provides the land; then the land comes under the provisions of the National Parks Act in order that it may be developed as and when moneys are made available. Certainly no province has more natural advantages from the standpoint of scenery and general attractiveness than the province of Nova Scotia. I am inclined to think the province of Prince Edward Island is too much a fertile garden to have those peculiar properties which go to the making of a national park. However, it is well that every opportunity be given to develop a park there, if it can be done.

Hon. Mr. TANNER: The Government of Nova Scotia is acquiring a large tract of land on the northern part of the Island of Cape Breton. The province provides the land, as my right honourable friend says.

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

THIRD READING

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

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

PROROGATION—BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, there is a possibility of prorogation before midnight. I understand there are but one or two bills to come from the House of Commons. I would suggest therefore that we adjourn until 7.45 this evening. After we

rise there will be meetings of the Railway Committee and the Banking and Commerce Committee, in order that we may do some work in the interval.

Right Hon. Mr. GRAHAM: When do we eat?

Right Hon. Mr. MEIGHEN: This is the fruit of the Government's endeavour towards orderly procedure during the session. I do not think I have ever before seen a jam like this one. It is not so much the result of a large array of important measures as of the Government's lack of courage to put the closure into effect in the Commons.

Hon. Mr. DANDURAND: I shall not go into that field. I said yesterday that I had heard there was a possibility of proroguing this evening. That was from the House of Commons angle. It is for us to say whether we will join—

Right Hon. Mr. MEIGHEN: I quite agree that if we do not eat, sleep, or consider the measures before us, we can prorogue this evening.

Hon. Mr. DANDURAND: As to that we shall be the sole judges.

Right Hon. Mr. GRAHAM: I am going to eat.

At 6 o'clock the Senate took recess.

The Senate resumed at 7.45 o'clock.

NATIONAL HARBOURS BOARD BILL

REPORT OF COMMITTEE

Right Hon. G. P. GRAHAM presented, and moved concurrence in, the following report of the Standing Committee on Railways, Telegraphs and Harbours:

The Standing Committee on Railways, Telegraphs and Harbours to whom was referred the message from the House of Commons disagreeing to certain amendments made by the Senate to Bill 17, intituled "An Act respecting the National Harbours Board," have in obedience to the order of reference of the 20th June, 1936, considered the said message and now beg leave to report as follows:

The Committee recommend that the Senate do not insist on their first, second and fifth amendments, and that the following be substituted for their third amendment:

Page 6, lines 1 to 6, both inclusive. For sub-clause 2 of clause 12 substitute the following:

"(2) Whenever, in the case of any works, tenders are required by this Act to be called, the Board shall, after having given the tenderers reasonable notice of the time and place of the opening of the tenders, open them in public and thereafter submit them to the Minister, who shall submit them to the Governor General in Council, and the contract for the work shall be awarded under the authority of the Governor in Council."

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, I understand that there is only one measure, apart from the Supply Bill, to come to us from the House of Commons. That is the Unemployment Relief Bill.

Right Hon. Mr. MEIGHEN: That is not here yet?

Hon. Mr. DANDURAND: No. I have no hope that prorogation will take place this evening, but at the moment I am not sure at what hour the Senate should meet on Monday. I therefore move that we adjourn during pleasure. The sitting of the Committee on Banking and Commerce will be resumed at once.

I take this opportunity of reminding my honourable colleagues that if, as it seems likely, we shall be sitting on Monday, it is important there be a quorum present that day.

Right Hon. Mr. MEIGHEN: Especially on this side.

Right Hon. Mr. GRAHAM: But that side cannot start the business; it can only stop business.

The Senate adjourned during pleasure.

After some time the sitting of the Senate was resumed.

The Senate adjourned until Monday, June 22, at 12 noon.

THE SENATE

Monday, June 22, 1936.

First Sitting

The Senate met at 12 noon, the Speaker in the Chair.

Prayers and routine proceedings.

NATIONAL HARBOURS BOARD BILL

MESSAGE FROM HOUSE OF COMMONS

The Hon. the SPEAKER: Honourable senators, a message has been received from the House of Commons, returning Bill 17, an Act respecting the National Harbours Board, and agreeing to the amendment substituted by the Senate for its original third amendment.

COPYRIGHT AMENDMENT BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 55, an Act to amend the Copyright Amendment Act, 1931.

Hon. ARTHUR MARCOTTE: No doubt all honourable members who attended the sitting of the Banking and Commerce Committee Saturday evening were greatly impressed, not only with the arguments of the sponsors of this Bill, but also with the representations made by Hon. Mr. Cahan, formerly Secretary of State, and the present holder of the same office, Hon. Mr. Rinfret. Perhaps most members of the Senate are, like myself, not well informed on this complicated matter of copyright. Until the last few days I had not made any special study of the subject. As we all know, it is a common experience to have important measures come to us near the end of the session, when we have not time to consider them thoroughly. I was struck particularly by the statement of Hon. Mr. Cahan and Hon. Mr. Rinfret that Parliament had the right to pass a law which was apparently in conflict with an international convention to which Canada has adhered. Hon. Mr. Rowell, who appeared on behalf of Canadian writers and composers, had to admit that Parliament had such a right; and I think a similar admission was made by another representative of the authors and composers. But I read the other day in a certain French newspaper an article entitled "Le Droit d'Auteur," which opposed this view. The writer contended that our Copyright Amendment Act of 1931, as well as the present measure, was partially in contravention of the international agreement that Canada had signed. I am not sufficiently familiar with the details of our copyright law to be able to judge whether we were right or wrong in 1931 or whether the Bill now before us is good or bad.

It seems to me that a study of the copyright situation should be made by Parliament. I have no doubt that every one of us is in favour of giving all reasonable protection to our writers and musical composers who have works published. I am confident that we can rest in the assurance that, whether or not our copyright law conflicts with the convention to which we have adhered, the law will be administered by one who is sympathetic towards writers and composers. I refer to the Secretary of State, who is well known not only as a great orator, but also as an able writer. He stands high in his profession of journalism and has had considerable experience in editing and publishing, in which fields, as was said the other day by my right honourable friend from Eganville (Right Hon. Mr. Graham), a man receives a good training. So we can rest assured that the administration of the Copyright Act is in good hands. Hon. Mr. Rinfret can be depended upon to study all the features of copyright law. I am sure that when he represents Canada at the next international conference on copyright he will be well equipped to protect the rights of Canadian authors and musical composers and of other authors and musical composers whose works are sold in this country.

It seems to me that producers and publishers will have good ground for grievance if we adopt clause number 1, amending section 6 of the Act. It provides that a performance of any musical work by a church, college or fair may be described as "without private profit" if the only fees paid are those paid to individual performers. I have had some personal experience along this line as a director of what we call a church chorale, and I may have been guilty of infringing the rights of producers. I think it is generally agreed that payment of fees should not be required for the performance of musical works at agricultural exhibitions or fairs in small centres; but in the case of the important exhibitions at Toronto, Ottawa and other large centres, it seems to me, there should be no exemption from the provisions of the Bill. For instance, at Toronto a singer of world repute might be paid three or four thousand dollars for two or three concerts, yet he might render songs for which probably the author and composer would not receive one cent. This, it seems to me, would be absolutely unfair. I am not opposing the Bill. However, I would impress upon honourable members of this House and of the House of Commons that we must depend on the honourable Secretary of State, who will administer this legislation, to see that a special study is made of this feature so that full justice may be done.

Hon. Mr. DANDURAND: Honourable senators, I agree with a good deal of what has been said by my honourable friend from Ponteix (Hon. Mr. Marcotte). This Bill was initiated in the other House three or four months ago, yet it has come to us only in the last few days, when we find it impossible to make a careful study of its provisions. I have been told that while it is based on the conclusions of Judge Parker's report, we might well have investigated the general effect of

the proposed legislation upon Canadian authors. Only a special or a standing committee of this House could go into the matter thoroughly. This would involve considerable time, and we are too near the close of the session to attempt such an inquiry.

There is, however, this comforting reflection, that before the end of the year an international conference at Brussels will make a general review of the convention. In preparing for that conference our representatives will have to review our copyright legislation to ascertain whether we have not given too large a measure of consideration to those interested in this legislation, to the detriment of our own authors. The principle is that an author is free to deal with his work as he pleases. His freedom is subject to many restrictions, in that we allow this class and that to use his work without fee. It appears to me that it is for the author to say when he will authorize the use by others of his own intellectual production. I hope that if the Brussels conference concludes its work before the next session of our Parliament we shall be able next year to grapple seriously with the question.

Hon. C. E. TANNER: Honourable members, at an earlier stage of the session I dealt with the practice of the other House in deluging the Senate with important legislation in the last days of the session, and I ventured to make a suggestion by which that condition of affairs could be remedied. This Bill, to my mind, is an outstanding illustration of what should not happen. I observe that on February 27 a private member of the House of Commons introduced a Bill on virtually the same lines as this one. The Minister on that occasion, or the next day, intimated that he intended to bring down a Government measure on the subject. That is nearly four months ago. This Bill is founded entirely on the report of a royal commissioner, Judge Parker. As I understand it, there was no necessity for any further research, because Judge Parker had made a complete investigation. In common with the honourable leader of the House, I want simply to enter another protest against this practice by the other House of delaying legislation until the very last days of the session.

Right Hon. GEORGE P. GRAHAM: Honourable senators, as chairman of the committee which dealt with this Bill, I may be allowed to say a word. I agree entirely with the view that not only is this haste towards the end of a session unseemly, but it becomes impracticable to give due consideration to belated legislation from the other House. I have spoken along similar lines ever since I became a member of this House, but my remarks do not seem to have had much effect.

This Bill, like the Patent Bill which we dealt with last year, is complicated. The granting of patents throughout the world is based on international conventions, and it takes months to settle the draft of a bill to deal with the subject. Honourable members will recall that two years ago the Hon. Mr. Cahan spent many days and nights working out a new Patent Bill. The question of conventions and treaties appears all through that legislation, as it does throughout this Copyright Bill. A proper study of the Copyright Act, which is many-sided, cannot be made in an hour or in a day. The committee did the best it could. Some may say its best was not very good, but that is because there was so little time to devote to it. I am in agreement with the suggestion that a new bill, if one is to be brought before Parliament another year, ought to be initiated in the Senate. It would give us something to work on, and we should have time to deal with it properly.

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

UNEMPLOYMENT RELIEF AND ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 100, an Act to amend the Unemployment Relief and Assistance Act, 1936.

The Bill was read the first time.

SECOND READING

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

He said: Honourable senators, this Bill amends the Unemployment Relief and Assistance Act of 1936, which was passed by this House and sanctioned during this session. It contains but one clause, which I think is self-explanatory. It proposes to replace section 4 of the Act by the following:

The Governor in Council may enter into agreements with any of the provinces respecting relief measures therein and providing for any payments on account of such relief measures to be made out of moneys appropriated for relief purposes by Parliament for the fiscal year 1936-37, and where necessary the Governor in Council may grant financial assistance to any province by way of loan, advance or guarantee to an amount not exceeding in the aggregate the maximum amount which may be payable by the province for its share of the cost of unemployment relief and undertakings during

the months of February and March, nineteen hundred and thirty-six, and under any agreement between the Dominion and the province entered into under the authority of this Act as well as the amount for which the province may be obligated by way of loan in connection with the cost of any undertaking for which commitments were made under the Relief Act, 1935, and which may be continued under agreements entered into under authority of this Act. The Governor in Council may also enter into agreements with corporations, partnerships, or individuals engaged in industry respecting the expansion of industrial employment.

When the Unemployment Relief and Assistance Act, 1936, was drafted, it was proposed to obtain from Parliament authority to enable the Governor in Council to grant, where necessary, financial assistance to any province by way of a loan, advance or guarantee of a total amount not in excess of the total amount payable by the Dominion to such province under any agreement entered into under authority of the Act. Assistance on this basis was thought sufficient to meet the unemployment relief requirements of any province; consequently section 4 of the Act so provided. However, at the expiry date of the Relief Act, 1935, no arrangements had been made for financing the relief expenditures of one or two of the Western Provinces for February and March, the reason being that applications to the Dominion for assistance for these months were not received in time to be dealt with under the authority of the Act. Furthermore, representations have been made that the provinces' share of relief outlays may in some cases exceed the total amount payable by the Dominion under the agreement entered into by authority of the Act. It is considered necessary, therefore, to establish a new criterion.

Under this Bill, which amends only section 4 of the Unemployment Relief and Assistance Act, 1936, the Dominion will be empowered to grant financial assistance to any province, where necessary, to the extent of its share of expenditures for relief and relief undertakings during February and March, 1936, or under any agreement which may be entered into by authority of the Unemployment Relief and Assistance Act.

In other words, while the Federal Government has assumed the larger part of unemployment relief, and has left but a small share—25 per cent, I think—to the provinces, certain provinces are and will be unable to pay that 25 per cent and the federal treasury will be obliged to come to their assistance. Of course, many people throughout the land claim that unemployment relief is 100 per cent the responsibility of the Dominion, inasmuch as the crisis is a national one. I think it might be called international. Whatever opinion may be held upon this point, we are facing conditions that we cannot disregard, and the Federal Parliament is now called upon to come to the assistance of those provinces which will be unable to meet their own share of the responsibility.

Hon. C. C. BALLANTYNE: Honourable senators, I have listened with a great deal of interest to the very clear explanation of the leader of the Government, but it appears to me that the Government is asking for a blank cheque—something which it has strenuously opposed on other occasions. I understand from the honourable the leader that the Federal Government is prepared to assume not only its own share of relief, but also that of the provinces in the event of their being unable to meet it.

Hon. Mr. DANDURAND: Under an advance; a loan.

Hon. Mr. BALLANTYNE: A loan of how much?

Hon. Mr. DANDURAND: The amount that they will be unable to provide for relief.

Right Hon. Mr. GRAHAM: The depth of their need.

Hon. Mr. BALLANTYNE: In addition, here is something new, at the end of section 4:

The Governor in Council may also enter into agreements with corporations, partnerships or individuals engaged in industry respecting the expansion of industrial employment.

What does that mean? How far does the Government intend to go in this respect? There is no information here.

Hon. Mr. SHARPE: It is just a blank cheque.

Right Hon. Mr. GRAHAM: You on that side are used to it, and I suppose we shall have to be.

Hon. Mr. BALLANTYNE: I think this is important. I should like the honourable leader to tell us how much expenditure will be made under this provision.

Hon. Mr. DANDURAND: The question asked by my honourable friend was answered in the course of the discussion in May last, when we passed the Act which this Bill amends. Section 4 of that Act, which is now on the Statute Book, provides:

The Governor in Council may enter into agreements with any of the provinces respecting relief measures therein and providing for any payments on account of such relief measures to be made out of moneys appropriated for relief purposes by Parliament for the fiscal year 1936-37, and where necessary the Governor in Council may by way of loan or advance out of the Consolidated Revenue Fund or by way of guarantee, grant financial assistance to any

province to enable the province to provide for any expenditures for direct relief or other relief measures up to an amount not exceeding in the aggregate the total amount which may be otherwise payable to such province under any agreement entered into under the authority of this Act.

My honourable friend will note the last sentence in the section is:

The Governor in Council may also enter into agreements with corporations, partnerships or individuals engaged in industry respecting the expansion of industrial employment.

This Bill does not modify that last sentence.

Hon. Mr. BALLANTYNE: Does the sentence mean that the Governor in Council may give financial assistance to these corporations, partnerships or individuals?

Hon. Mr. DANDURAND: It does.

Hon. Mr. BALLANTYNE: In what form and in what way?

Hon. Mr. DANDURAND: I do not remember what explanation I gave on this point in May last. I have not a memorandum before me at the moment.

Hon. Mr. BALLANTYNE: Will the honourable leader have the information when we come to third reading?

Hon. Mr. DANDURAND: Of course, the matter is fixed by the Act which is now on the Statute Book.

Since some reference has been made to the "blank cheque" feature, which was discussed when the original measure was prepared earlier this session, I should like to say this. Under previous relief legislation the Dominion was empowered to grant to any province financial assistance of an unlimited amount and for any purpose whatsoever. Under this legislation the maximum amount of financial assistance which may be granted to any province is the province's share of unemployment relief and undertakings for February and March, 1936, and its share under any agreement entered into under authority of the Act. Therefore limitation is provided both as to amount and purpose. A close check will be made to see that any such assistance granted covers only bona fide relief outlays. In fact, steps have already been taken in this direction.

The province of British Columbia has applied for loans of $435,000 and $460,000, covering its share of direct relief for the months of February and March. Applications for these loans were received too late to be dealt with under the Relief Act, 1935. The province of Manitoba submitted an application for a loan of $205,000, covering March expenditures. This application also was received too late to be dealt with under the Relief Act, 1935. As to Saskatchewan and Alberta, authority was obtained under the Relief Act, 1935, to grant loans covering their share of direct relief up to March 31, 1936.

Right Hon. Mr. GRAHAM: Did we not deal earlier this session with the matter about which my honourable friend from Alma (Hon. Mr. Ballantyne) is asking now? The clause which he is questioning is on the Statute Book?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. GRAHAM: We passed that earlier this session?

Hon. Mr. DANDURAND: Yes.

I think that after the explanation I have made my honourable friend from Alma will agree that the Bill provides sufficient limitations.

Hon. Mr. BALLANTYNE: I quite understand, honourable senators, that I am to some extent out of order in discussing what has already been approved this session, but my mind is not clear as regards the last part of section 4. It would seem to me that the Relief Commission is empowered to give to corporations certain moneys that should go to provinces.

Hon. Mr. DANDURAND: Since the provision to which my honourable friend refers is already in the Act, may I suggest that he read the explanation given last month when the Act was passed?

Hon. Mr. MURDOCK: I think that in consequence of this discussion we ought to have before us what the honourable Minister said on the matter in another place. Dealing with agreements with provinces, he said:

The clause as drafted is designed to accomplish two objects. First, to permit the Dominion to loan to the provinces such parts of payments made by the provinces for direct relief or relief undertakings during the months of February and March for which accounts have not been rendered to the Dominion before the expiry of the Relief Act of last year. The second object of the clause is to permit the Dominion Government to loan to the provinces their share of direct relief payments or their share of payments for undertakings carried on co-operatively with the Dominion Government. Under the clause as originally drafted and before the amendment which was introduced a few days ago, provision was not made for a loan by the Dominion in excess of the amount which might be paid by the Dominion to the province under any agreement with that province. The amendment is designed to meet a quite unique situation which exists in Manitoba, arising out of the continuation of an agreement made by the late Administration with that province touching the construction of a sewer and sewage disposal project in the city

of Winnipeg. Under the terms of that agreement the Dominion is obligated to loan to the province its share, which is twenty per cent of the total cost of the undertaking, and to the city its share, forty per cent of the total cost of the undertaking, the remaining forty per cent of the cost of the undertaking having been assumed by the Dominion Government.

Hon. Mr. BALLANTYNE: That does not answer my objection, but I do not intend to proceed further at this late hour of the session. It is quite clear to me, at any rate, that the Relief Commission can take money ear-marked for a province and divert it to corporations, partnerships, and so on.

Hon. Mr. MURDOCK: In the instance I mention it was for Winnipeg sewage disposal.

Hon. Mr. DANDURAND: I should not like to agree to that statement without looking into the discussion we had in this matter and the explanation given. This is a money Bill and we pass it as such. So I move the second reading.

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

THIRD READING

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

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

The Senate adjourned until 3 o'clock this day.

Second Sitting

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

SUPREME COURT OF CANADA

ABOLITION OF APPEALS FROM UNANIMOUS JUDGMENTS—MOTION—DEBATE CONCLUDED

The Senate resumed from June 18 the adjourned debate on the motion of Hon. Mr. Casgrain:

That in the opinion of the Senate, a judgment of the Supreme Court of the Dominion of Canada, when unanimous, should be final except in constitutional cases.

Hon. RAOUL DANDURAND: Honourable senators, I should like to state briefly my opinion on the question of restricting appeals from one tribunal to others in Canada and, finally, to the Privy Council. Having followed the debates on this question that have taken place in various parts of our country in the last fifty years, I gradually formed an opinion. I had a fairly active practice at the Bar of Montreal until 1907, when I abandoned it because I felt that attention to my duties as Speaker of the Senate made it impossible for me to protect the interests of clients during parliamentary sessions. In the conduct of appeals I had a fairly wide experience. At Montreal we had a Circuit Court for cases involving less than $100, and a Superior Court, corresponding to what I think is called in Ontario the Supreme Court, for cases above $100. A party dissatisfied with a judgment of a judge of the Superior Court could appeal to a Court of Review composed of three other Superior Court judges. The judgment of that Court of Review could be appealed to a Court of Appeals consisting of five judges; and, in turn, its judgment could be appealed to the Supreme Court of Canada. Finally, one of the parties could carry an appeal from the Supreme Court to the Privy Council.

During my practice I realized more than once that the system permitting appeals to the Privy Council often led to injustice. A workman, for instance, who had been injured while in the employ of a railway or other large corporation and had been awarded by a jury a judgment of a few thousand dollars, might have his case subjected to a series of appeals, ending with one to the Judicial Committee. The wealthy corporation could afford to take its appeal across the ocean, and would do so on the ground that an important point of law was involved. I will not say that in any such case the object of the corporation was to break down the resistance of the party who had been successful in Canadian courts; I will simply say it considered that in its own interest the question should be laid before the court of last resort. In a number of such instances I heard strong criticism of the abuse of overseas appeals.

My experience has led me to the conclusion that there are too many appeals. I would impose considerable restriction upon appeals from our Superior Court of Quebec to the Supreme Court of Canada. My province would be willing to have judgments of our Appeal Court, in civil matters, considered as final.

Hon. Mr. GRIESBACH: The provincial Appeal Court?

Hon. Mr. DANDURAND: Yes. I am speaking of civil cases arising out of interpretation of the Civil Code of Quebec, which is virtually the Code Napoleon. In very many features it differs from the common law of England. I believe that in civil matters we should not countenance an appeal from the Quebec Court of Appeals, composed of five judges, to a Bench of seven judges of whom only two are versed in the Civil Code.

As to appeals to the Privy Council, I would abolish them completely. True, members of the Judicial Committee have had brilliant careers and are highly regarded for their learning. I think that is the general opinion of barristers who have appeared before that court. The honourable senator from North York (Hon. Sir Allen Aylesworth), who had a large practice at the Privy Council, said that after 1867, when cases bearing on the interpretation of the British North America Act began to come before the Judicial Committee, the members of that body were of a higher order than former members. The late Joseph Doutre, who was the head of the law firm to which I belonged and was as highly esteemed at the Montreal Bar as the honourable senator from North York was at the Toronto Bar, spoke very highly of the Privy Council judges. But I am of opinion that Canadian justice should be ample and satisfactory for Canadians. The sentiment in favour of appeals to a tribunal across the seas was formed, quite properly and naturally so at the time, when Canada was developing as a colony and had what I can only describe now as a colonial inferiority complex. We should have passed that stage in our national life. We must be more self-reliant and place more confidence in our own cultural and intellectual attainments.

Briefly stated, these are the opinions that I hold on the question of appeals from the judgments of our courts.

Hon. E. S. LITTLE: Honourable senators, in the absence of the honourable senator from De Lanaudière (Hon. Mr. Casgrain) I have been asked to read the following statement from him, and I do so without prejudice:

"I promised the other evening, before a sparse House, that I would not make a speech, though I have the right to do so. Abiding by my word, I have written two or three sentences.

"In speaking to my motion I did not intend to give a legal dissertation. The law is not my profession. The burden of my speech, the object of all my work—and it was hard work for me—was an appeal for eleemosynary aid for poor unfortunates who, after having been perhaps one or two years before the Canadian courts, have not seven or eight thousand dollars in cash and are not able to borrow this sum and tie it up in London without interest for two years in gambling on a lawsuit before the Judicial Committee of the Privy Council. I desire to stop the blackmail that goes on when the loser in Canada finds that the winner has no money to pay for sending lawyers to London. In such cases there is a compromise, and for his judgment the winner gets what Shylock would give.

"In the course of this debate we have been told very often that the King is the fountain of all justice. But in order that a Canadian may drink out of that fountain in England he must have seven or eight thousand dollars in cash. No money, no drink.

"Sir John A. Macdonald drafted the Supreme Court Bill, and Alexander Mackenzie made it law, in order to save the expense of sending lawyers to England. What was the reason for creating this substitute if full use was not intended to be made of it?

"I am an Imperialist and not ashamed of it. I come by my convictions honestly, my forbears having served the King continuously since 1791. In my fidelity to our King I give way to no man. But I repeat what I said earlier, that I do not believe the foundations of the Empire will be undermined if Canadian cases, other than constitutional cases, are decided by Canadian judges in Canada."

This debate has continued over a long period. As we have arrived at almost the end of the session and so many members are absent, I would suggest that the question be dropped, to be taken up again at another session if so desired.

The Order was discharged.

CANADIAN COLONIZATION PLAN

MOTION AND DISCUSSION—DEBATE CONTINUED

The Senate resumed from May 27 the adjourned debate on the motion of Hon. Mr. Sauvé, that it be resolved:

That while recognizing the necessity of utilizing our immense territory according to a rational plan of exploitation and colonization, this House is of opinion that:—

(a) immigration into Canada must be conducted along lines of the greatest prudence, so as to protect our traditions, strengthen our institutions, and also so as not to complicate our national problems nor aggravate those affecting agriculture and unemployment;

(b) that the repatriation of emigrated Canadians should be efficiently encouraged before any other immigration;

(c) the emigration of naturalized Canadians should be controlled in such a way as to reduce it to its lowest possible form, if not to prohibit it altogether.

Hon. RAOUL DANDURAND: Honourable senators, it is a long time since I have had the pleasure of preparing a few notes to answer my honourable friend who initiated this discussion (Hon. Mr. Sauvé).

The honourable gentleman gave us the history of Canadian emigration, more particularly from the province of Quebec to the United States. In another debate during this session

I had occasion to read a letter written in 1840 by Lord Sydenham, in which he spoke of the constant movement, somewhat accelerated by the events of 1837, towards the then more prosperous country to the south. I am inclined to think that movement started perhaps even before 1840. It must be borne in mind that in the rural sections there is always a surplus population, more especially in Quebec, where large families are the rule. One can easily visualize what happens when eight or ten sturdy boys attain manhood. They can no longer remain on their father's farm, and they leave to seek employment in industrial centres.

The drift towards the New England manufacturing centres was constant during the whole of the nineteenth century. No effort was made, by the offering of lands and financial help, to stem the tide and induce Canadians to remain in their native land. At first the exodus was hardly noticeable, but gradually it gained momentum. As thousands of Canadians from Quebec secured a fairly prosperous livelihood in the New England States, their relatives and friends at home became apprised of their improved condition. That explains how one successful emigrant would draw after him anywhere from five to ten of his friends from the same village.

My honourable friend has suggested a fairly drastic remedy. Apparently he would close our doors to further emigration to the United States.

Hon. Mr. SAUVE: No. I explained my proposals in the course of my speech, and if the honourable leader of the Government has had no time to read it, I would suggest that he do so at the first opportunity. I favour regulation.

Hon. Mr. DANDURAND: After reading his motion I take it for granted that, if possible, means should be employed to prevent the exodus. There are several ways in which people may be dissuaded from leaving their native land, but I think my honourable friend went so far as to suggest preventive measures. Only Russia, Germany and Italy have resorted to such an extreme course. Before they may leave their fatherland the nationals of those countries must receive official permission. But even there the prohibition is not for all time. I understand that Italy has relaxed, if not entirely withdrawn, its prohibition against emigration. No such prohibition can endure in a free country.

Our clergy in Quebec, realizing the danger in this steady drain of population, pleaded in vain. For a time Bishop Taché, of St. Boniface, appealed to all the hierarchy in Quebec to have them try to divert the southward flow towards Manitoba. That suggestion was not received very sympathetically. Our clergy still hoped to retain their flocks. I believe that the attitude was a short-sighted one, and that if the people who subsequently left Quebec had become convinced of the advantages of migrating to the West we should have had no difficulty in retaining them in their native country.

Emigration to the south began in times when our farming community was not faring very well, but even during periods of prosperity the movement continued systematically. There was a time when our industrial workers moved into the United States in large numbers. When the Government at Washington established an immigration quota against European countries and Mexico, it placed no such restriction on immigration from Canada. As a result of the quota, salaries and wages reached their maximum and mechanics engaged in mass production were paid $10, $12 and $15 a day. There was no comparable condition of prosperity in this country, yet, as honourable senators may be surprised to hear, in the thirty years between 1901 and 1931, in spite of that constant movement to the south from the rural and urban centres of Quebec, no fewer than 220 rural parishes were established in the province.

My honourable friend spoke of the meagre efforts made by governments towards repatriation. I believe he is gravely in error in that respect. As a matter of fact, the Department of Immigration started this work in 1889, but the results have not been very encouraging. The Statistical Year Book of Quebec gives the number of families and of persons repatriated between 1928 and 1934, and for the information of honourable members I append this table:

Years	Families	Persons
1928	115	628
1929	165	851
1930	965	4,315
1931	841	3,693
1932	326	1,490
1933	242	1,181
1934	138	822
	2,792	12,980

I fear that to-day any further efforts towards repatriation are hopeless, for if our compatriots on the other side of the line are prosperous they will not return to Canada. Many of those immigrants live in towns and cities and are surrounded with grown-up families. Boys and girls brought up under urban conditions in the United States cannot be expected to take kindly to a rural life. In times of depression and distress they may think to better their condition in the Do-

minion; but we must not forget that we have in our own towns and cities a serious unemployment problem. Admittedly it is difficult to induce our unemployed artisans to go back to the land. I suggest it will be still more difficult to persuade our industrial workers across the line to return to a country life. Naturally we shall be happy to receive them if they are prepared to go on the land. It is estimated that to-day there are between three and four thousand farms in the province of Quebec still owned by Canadians living in the United States. Those owners may return to continue their work on the farms which they deserted. The Dominion Government has made praiseworthy efforts to repatriate those willing to return to the land. For the benefit of honourable members I desire to place on Hansard this memorandum from the Department of Immigration:

It is difficult in the compass of an ordinary memorandum to review all the ramifications of this movement carried on for so many years by the Dominion Government. The following, however, touches upon the principal features:

1. Repatriation work dates from 1889, and thus is one of the earliest activities of the Dominion Government in the immigration field. The effort has always been limited to the United States, because it was to the United States our Canadian people went. The effort all through the years, from 1889 until recently, was directed mainly, I might almost say wholly, to the repatriation of people of French racial origin. Repatriation Fathers were employed in this work, usually at a very small salary plus travelling and living expenses.

2. When the work was first undertaken in 1889, immigration was handled by the Department of Agriculture. Repatriation expenditure between 1889 and 1893, when immigration was transferred to the Interior Department, amounted to approximately $7,000. Between 1893 and 1918, when immigration was a part of the Interior, the expenditure was $340,000. From 1918 to 1932 the amount was $433,000, but this does not include any of the expenditures on regular agencies or on exhibitions, etc.

3. In addition to the employment of Repatriation Fathers, the department employed other agents, several of these being established in the New England States, where many French Canadians and their descendants were to be found. These agents were not Colonization Fathers, but laymen. Their work was carried on through established agencies. For example, at one time we had agencies in Portland and Biddeford, Me., Boston, Mass., Providence and Woonsocket, R.I., Manchester, N.H., and Saginaw, Mich. In addition to the distinctive repatriation agents there were other agencies established in various parts of the United States which gave some attention to repatriation work, although that was not their principal activity. These agencies were at Detroit, Mich., Buffalo, N.Y., Chicago, Ill., Columbus, Ohio, Minneapolis, Minn., Omaha, Neb., Fargo, N.D., Great Falls, Mont., Kansas City, Mo., Spokane, Wash., and San Francisco, Cal.

4. In the autumn of 1927, following a discussion of the then Minister of Immigration and Colonization with the Provincial Government of Quebec, an understanding was reached that repatriation work in and for the province of Quebec would be taken over by the Provincial Government, the Dominion Government to make a contribution on a fifty-fifty basis, with a maximum from the Dominion Government of $50,000. This arrangement became effective on the 1st April, 1928, and the Federal contributions for that and successive fiscal years were as follows:

1928-29	$29,680 62
1929-30	49,920 40
1930-31	50,000 00
1931-32	50,000 00

No grants were made after the end of the fiscal year 1931-32.

When the arrangement was made between the Dominion Government and the province of Quebec, the same offer was made to other provinces of the Dominion for the carrying on of repatriation on a co-operative basis. No other province took up the offer except the province of New Brunswick, and in that case the expenditure was very small and was limited to one year, being mainly investigational work.

5. In the autumn of 1930 immigration activities were curtailed and gradually terminated. Immigration agencies in the United States were closed between 1930 and 1932. This affected not only distinctive repatriation agencies, but all others as well. Several of the agencies in the British Isles were closed, and whereas there were formerly agencies at London, Liverpool, Glasgow, Belfast, Dublin, Inverness, Aberdeen, York, Cardiff, Southampton and Bristol, the agencies now retained are at the first four places named in this list.

6. In the autumn of 1930 the immigration regulations amended were applicable to continental Europe, and many other countries as well. This did not include the British Isles, self-governing British Dominions and the United States. Provision was made for the admission of but two classes from continental Europe:

(a) Wives and unmarried children under eighteen years of age joining family heads established in Canada;

(b) Farmers with sufficient capital to begin farming in Canada on their own account.

7. As the result of the closing of the agencies, the discontinuance of propaganda, and the change in the regulations, immigration fell from 164,993 for the calendar year 1929 to 11,277 for the calendar year 1935.

8. The expenditures on repatriation were continued beyond the date when expenditures on immigration propaganda ceased; hence this activity, which was one of the earliest undertaken by the Federal Government, was the last to be discontinued.

Statement showing Canadians Returned from the United States compared with Total Non-Canadian Immigration from the United States

—	Total Non-Canadians (Immigrants)	Returned Canadians (Non-Immigrants)
Fiscal year ended June 30—		
1904	40,739	4,432
1905	39,930	3,613
1906	52,796	5,000
Nine months ended March 31—		
1907	32,157	2,502

—	Total Non-Canadians (Immigrants)	Returned Canadians (Non-Immigrants)
Fiscal year ended March 31—		
1908	53,152	5,160
1909	54,294	5,538
1910	91,048	12,750
1911	104,884	16,567
1912	114,326	19,384
1913	119,418	19,591
1914	89,892	17,638
1915	41,768	18,011
1916	25,853	11,084
1917	51,143	10,246
1918	58,185	13,129
1919	31,955	8,760
1920	40,728	8,928
1921	38,310	9,749
1922	21,670	7,675
1923	16,566	5,441
1924	17,211	3,310
1925	15,818	43,775
1926	18,778	47,221
1927	21,025	56,957
1928	25,007	39,887
1929	30,560	33,798
1930	30,727	29,830
1931	24,280	30,209
1932	14,297	19,411
1933	13,196	17,625
1934	7,740	9,172
1935	5,960	7,618
1936	5,121	5,814

I really believe that Canada has just about seen the end of the repatriation movement. It may be that the labouring elements of our own people, on both sides of the line, will be attracted to our prairie lands, rather than to Eastern Canada, if they are offered a low railroad rate to the West like the one granted to foreigners who are travelling on a through ocean-and-rail ticket. At various times there have been complaints because Canadians had to pay a high rate to the West, whereas immigrants from abroad, travelling on through tickets, could be sent to Winnipeg, half-way across the continent, at a low rate. It was suggested that if Canadians from the East were given the same advantage they might go to the West and settle. It might seem difficult to justify such a policy; the answer, however, is quite natural. Efforts were being made at the expense of the public treasury to increase our population and there seemed to be no justification for transferring a part of that population from one section of the country to another. Yet, in my opinion, if our Western Provinces are to-day desirous of increasing their population they might well approach the railway companies with a view to securing low rates for our own nationals in the East who are unemployed and are disposed to settle on the land, provided there is a reasonable expectation that they will succeed. The ground for my suggestion is the statement that there are only some 12,000,000 acres of arable land left in the province of Quebec. This would provide 120,000 farms of 100 acres each. I am informed that there is an annual surplus rural population of 10,000, who are free to take land and settle upon it. If that is so, and if this surplus rural population is granted an opportunity to go on farms in the province of Quebec, those 120,000 farms will be occupied within twelve years and there will be no more land available in the East. I am told that in the Abitibi district of the province of Quebec, in the valleys of the Laflamme, Aricana and Turgeon rivers, which flow towards James bay, there is land enough to receive 50,000 families, and that the Abitibi region of the neighbouring province of Ontario will accommodate 150,000 families. I do not know what the quality of the land throughout those regions may be. Some say it is good arable land. However, it is for the provinces to decide upon the advisability of inviting settlers to occupy lands within their boundaries. The West could, if desirous of increasing its population, draw first upon the surplus population of the East by offering the inducement of low railway rates.

The honourable gentleman (Hon. Mr. Sauvé) has spoken of the period preceding Confederation, when we received the overflow of population of Great Britain and the United States. In 1867 Canada's population was more homogeneous than it is now, there being then but the French, the early pioneers, and the English, Scotch and Irish, four races, with two languages. Then, as my honourable friend has said, we had the railway age, beginning in 1885, when the West was opened up. This opening of the West was desired by the Eastern Provinces. Macdonald and Cartier took pride in the purchase of the Hudson Bay territory and in the bringing of British Columbia into Confederation. From the moment the Fathers of Confederation decided that the West and the East should be united into one Dominion, the colonization of the West was a natural and logical sequence. Over a long period of years we received a large number of vigorous representatives of nations in northern Europe. My honourable friend admits that the general quality of these immigrants was excellent, but he fears that the influence of this foreign element may tend to alter the ethnical character of the country. He fears, too, that the new-comers may introduce here the radical nostrums of Socialists and Communists.

The primary object of the immigration policy of all governments has been to settle the West with farmers. A relatively small number of immigrants settled in the province

of Quebec, and a larger proportion in Ontario, but the great bulk went west at once. Thousands of them found their way into Western cities, and in time a great many retraced their steps and came to live in cities of the East. These people belonged to diverse races and spoke their own tongues. I quite realize that our population speaking English or French has not yet become accustomed to this cosmopolitan section. It will take one or two generations before these strangers or their descendants feel they are Canadians like the rest of us. They will cease to be regarded as new-comers when they speak the language of the community in which they live.

Until the thousands of our people who are at present unemployed are able to obtain work, we should be slow to invite additional immigrants to our shores. In that expression of opinion I am simply repeating what my honourable friend has said. If any one province desires to open its doors to immigrants it should make sure that they will remain on the land and not drift to cities.

Hon. Mr. MULLINS: Hear, hear.

Hon. Mr. DANDURAND: We all know that since the natural resources were handed back to the Western Provinces they have the first say as to admission of immigrants into their own territory.

Hon. Mr. SAUVE: May I take it that the honourable leader is expressing the policy of the Government?

Hon. Mr. DANDURAND: Though I have not conferred with my colleagues, I believe I may well say that I am expressing the policy of the present Government.

I would urge that any province desirous of attracting additional population should draw upon our Canadian sources before seeking new-comers from other countries. In this regard I am speaking simply my own view. I believe, though, that this is the view of all thinking and far-sighted men in Canada. We should have no immigration policy which would tend to attract people to our towns and cities, where already there are thousands of unemployed. Our provinces are mainly agricultural. Should any one of them, desirous of increasing its population, prefer to appeal to people of the British Isles or any other outside country rather than to acclimatized Canadians, I hope it will be careful to bring in only such classes as are likely to become good farmers.

Hon. G. LACASSE: Honourable senators, I wish to make only a few remarks. We should be grateful to the honourable senator from Rigaud (Hon. Mr. Sauvé) for having submitted to the House such a complete and comprehensive study of one of the most important problems facing Canada to-day. I have no hesitation in saying that one of the chief reasons for our present social, political and industrial problems in Canada is the fact that we have too many miles of railroad, main and branch lines, and not enough people. One need only look at the statistics of Canada to observe in what a capricious way, if I may use that term, the population is distributed in different sections.

I think that the address made by the honourable senator from Rigaud should induce each and every one of us to study the Immigration Act and regulations during the coming recess with a view to determining whether it should not be amended, more or less radically if necessary, in order to fit our new needs. As we all know, in most cases before a person is admitted as an immigrant to Canada he has to pledge himself to settle on the land, to become a farmer. His inclinations, ability and previous training are not considered. He may come from the slums of London and not know the difference between a horse and a harrow, but in order to be admitted to Canada he must agree to go on a farm. I think it is necessary only to mention such a state of affairs to show how ridiculous it is. What happens under these conditions? A large number of immigrants, after spending a few weeks or perhaps a month on the land, break away and go to cities, where they get factory jobs, while qualified mechanics who were born in Canada and whose families have long been taxpayers in those cities are out of work. In the district where I live I have known of many such instances. It is not merely a mistake, it is a disgrace, on the part of the Canadian Government—I am not blaming one party more than another—that this kind of thing should go on, decade after decade. The results of such a policy are only too plain to-day. My words may sound a little strong; I may be exaggerating a bit; but it is well that once in a while someone should be bold enough to say such things.

There is one other point that I wish to make. Immigrants from the British Isles are usually preferred by Canadian authorities to immigrants from continental Europe, who may come from countries where agriculture has been developed to a science. Even though they are potentially good farmers, people from the Continent are often segregated and treated in a most unfair way.

My humble suggestion that honourable members study the Immigration Act and regulations during the recess is offered in all earnestness, in the hope that we may later

be in a position to deal with the whole problem submitted by the present resolution and amend the Act so as to make it more suitable to meet the disorganized conditions that the depression has brought about in society, industry and even in our national life.

Hon. ARTHUR SAUVE: Honourable senators, may I express my congratulations and thanks to the honourable leader of the Government and other honourable senators in respect of their very interesting remarks and their co-operation in this debate on a question of cardinal importance. But in view of the fact that the Government has still not enunciated any conclusive policy on immigration and repatriation, I will move the adjournment of the debate.

Hon. Mr. LACASSE: To resume it next session?

Right Hon. Mr. GRAHAM: Is my honourable friend going to accept the suggestion of the honourable senator from Essex (Hon. Mr. Lacasse)?

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

Hon. Mr. DANDURAND: We are awaiting the pleasure of the House of Commons. I suggest that we call it six o'clock and return here at eight.

At 6 o'clock the Senate took recess.

The Senate resumed at 8 o'clock.

BUSINESS OF THE SENATE

Hon. Mr. LITTLE: Honourable senators, it is still very doubtful just when the Commons will have the Supply Bill ready for us. I would therefore move that the Senate adjourn during pleasure. My leader asked me to intimate to the House that he thought the sitting might be resumed about 10 o'clock.

Hon. Mr. BALLANTYNE: I think it would be well to set the hour at 10 o'clock. I may say that I have had a short interview with the honourable the Minister of Justice and he assures me that the other House will finish its work and prorogation will take place to-night.

Hon. Mr. LITTLE: I think that will be quite satisfactory. The bell will ring at 10 o'clock.

The Senate adjourned during pleasure.

After some time the sitting was resumed.

Hon. Mr. DANDURAND: Honourable senators, one never knows when the House of Commons will finish its work. We are now awaiting with patience the last act of the popular assembly, the voting of supply. If the Commons finish their labours before midnight, members of Parliament will be free from further attendance, and may return home and celebrate the King's Birthday to-morrow with the satisfaction of having done their duty.

TRIBUTE TO CURATOR OF READING-ROOM

On the motion to adjourn during pleasure:

Hon. Mr. DANDURAND: Before I move that the Senate adjourn during pleasure, I desire to say a few words concerning the retirement of an old employee. I refer to Mr. E. E. Bérubé, the curator of the reading-room. He entered the Senate as a page boy in 1886, and for fifty years has been a faithful employee of this Chamber. Most honourable senators have had occasion to require his services in the reading-room. He has been a devoted servant, and before he leaves us I should like to state that the members of the Senate have been completely satisfied with the way in which he has discharged his duties. We wish him long life to enjoy his well-earned leisure. For the thirty-eight years I have been here I have seen him at work. I hope that during his days of retirement he will pray that I myself may complete fifty years of service in this Chamber.

Hon. Mr. BALLANTYNE: Honourable senators, I am very glad indeed of this opportunity to associate myself with the leader of the Government in the very fitting and timely reference he has made to Mr. Bérubé, an old and valued employee who is now retiring by reason of having reached the age of superannuation. It is indeed greatly to his credit that he has served this House and the Parliament of Canada so faithfully and well during the long period of half a century. I should like to join with the leader of the Government in hoping that Mr. Bérubé may enjoy good health and live for many years to enjoy the pension he so richly deserves.

May I add that it is the unanimous desire and wish of this House that our gifted and genial leader of the Government may not only complete his fiftieth year as a member of this House, but may also be with us for many years to follow.

Some Hon. SENATORS: Hear, hear.

The Senate adjourned during pleasure.

After some time the sitting was resumed.

CANADIAN NATIONAL AUDITORS

REPLY TO INQUIRY

Hon. Mr. DANDURAND: Honourable senators, on Thursday last the right honourable leader on the other side (Right Hon. Mr. Meighen) asked me what amounts had been paid to the auditors of the Canadian National Railways in addition to their fees. The figures are as follows:

	Fees	Out-of-pocket expenses
As Canadian National Auditors:		
1930—Geo. A. Touche & Company	$50,000	$3,175 42
1931— " " " "	50,000	3,162 84
1932— " " " "	50,000	2,940 60
1933— " " " "	50,000	3,279 59
As Government Auditors:		
1934—Geo. A. Touche & Company	50,000	4,617 80
1935—Clarkson, Gordon, Dilworth & Nash	50,000	4,246 47

The right honourable gentleman also asked me to try to get the corresponding audit costs of the Canadian Pacific. The Department of Railways and Canals has not these figures, and I am informed that it is not the practice to ask that company for information which is not given either in its annual reports or its statements to the Transportation Branch of the Dominion Bureau of Statistics.

PROROGATION

Hon. Mr. DANDURAND: Honourable senators, the House of Commons may finish its labours some time during the night or early morning, but it is impossible to state exactly the hour. I therefore move that when the Senate adjourns this evening it stand adjourned until 11 o'clock to-morrow morning.

The motion was agreed to.

The Senate adjourned until to-morrow at 11 a.m.

THE SENATE

Tuesday, June 23, 1936.

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

PROROGATION

Hon. RAOUL DANDURAND: Honourable members, inasmuch as there is nothing on the Order Paper, I move that the Senate adjourn during pleasure, to reconvene at noon. By that time we shall be better informed as to what progress the other House has made; but my impression is we shall most probably adjourn again until 3 o'clock in the afternoon, in the hope that prorogation will take place then.

Hon. Mr. TANNER: There is a very important matter on the Order Paper—the motion of the honourable senator from Rigaud (Hon. Mr. Sauvé).

Hon. Mr. DANDURAND: It appears in my name, but I think it was adjourned to the 24th.

The Senate adjourned during pleasure.

After some time the sitting was resumed.

Hon. Mr. DANDURAND: Honourable senators, when we met earlier this morning I moved that the Senate adjourn until noon, and asked honourable gentlemen to wait, that I might see. I have seen, and I now move that the Senate adjourn to 3 o'clock this afternoon. I do so without—

Right Hon. Mr. GRAHAM: Any hope.

Hon. Mr. DANDURAND: —any promise that this will be the last adjournment.

The Senate adjourned until 3 p.m.

The Senate resumed at 3 p.m.

Hon. Mr. DANDURAND: Honourable senators, I am informed there is a possibility that the Supply Bill may come over to us shortly. As soon as it is received the bell will be rung. I move that in the meantime the Senate adjourn during pleasure.

The Senate adjourned during pleasure.

After some time the sitting was resumed.

APPROPRIATION BILL NO. 6

FIRST READING

A message was received from the House of Commons with Bill 115, an Act for granting to His Majesty certain sums of money for the public service of the financial years ending respectively the 31st March, 1936, and the 31st March, 1937.

The Bill was read the first time.

SECOND READING

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

He said: Honourable senators, this is the Bill we have been expecting for the last forty-eight hours. It involves a considerable appropriation. There will be required for the year 1936-37 the sums of $149,551,948.12 and $90,772,525.81, and for 1935-36 the sum of $16,031,028.69.

I need not dilate upon the importance of this Bill, which has been scrutinized in detail and agreed to by the representatives of the people. The Senate has adopted the custom of accepting such measures from the House of Commons without question, that Chamber being the only one which can initiate them, and I take it for granted that all efforts have been made to compress the controllable expenditure to the lowest figure at which the various departments of the Government may continue to carry on their laudable work.

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

THIRD READING

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

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

DUTY ON MANUFACTURED COKE

INQUIRY

Hon. Mr. LACASSE inquired of the Government:

1. When the duty was placed on manufactured coke entering Canada in June, 1931, what promises were made to the Government by the "coke ovens" to assure the supplying of the market?

2. What drawback was then given to the "coke ovens" on the importation of bituminous coke used in the manufacture of gas and its by-product, coke?

3. Why was the drawback reduced in 1935, or thereabouts, to 50 per cent?

4. What is the comparison between the cost of producing coke in Canada and the cost in the United States?

5. Why is the price at the main producers' ovens in Ontario, in the city of Hamilton, lower than the price in other communities?

6. How many tons of coke did the Hamilton by-product ovens import from the United States, or otherwise, since the year 1931 and resell to the consumer in the Dominion of Canada?

Hon. Mr. DANDURAND: The honourable senator from Essex (Hon. Mr. Lacasse) has inquired concerning the duty placed on manufactured coke, and the drawbacks allowed. The answer is as follows:

Hon. Mr. DANDURAND.

1. No official record in the Department of Finance.

2. The drawback of duty granted (not including special or dumping duty) during 1931 on bituminous coal imported by proprietors of by-product recovery coke ovens and converted into coke at their by-product recovery coke ovens was 99 per cent. No drawback was paid on coal converted into coke at a gas retort plant or a plant using any other process than the by-product coke process (Tariff Item 1049).

3. The drawback payable on imported bituminous coal used in the manufacture of coke was reduced from 99 per cent to 50 per cent by the budget of April 19, 1934. As well as reducing the amount of drawback this amendment extended the drawback to all companies manufacturing coke, whether in by-product recovery ovens or in ordinary gas-making retorts. Previously, drawback was allowed only on coal converted into coke by the former process.

The reason for the amendment made in the 1934 budget was to remove what was deemed to be an inequality under which producers of domestic coke by one method secured practically duty-free coal, whereas producers by a different method had to pay the full import duty of 75 cents a ton. The effect was to make the drawback apply to all producers of domestic coke and give all a 50 per cent drawback, rather than a drawback of 99 per cent to those using by-product ovens.

4. The relative cost of coke production in Canada depends entirely upon laid-down cost of the coal at that plant. Labour charges, methods of financing and costs of conversion are about the same in both countries.

5. The reason that coke prices at the plant in Hamilton are lower than in other communities is due to the advantageous shipping facilities provided whereby United States coal can be shipped from Erie Lake ports to Hamilton by water at a lower transportation cost. This permits of United States coal being laid down at Hamilton for something like $4 per ton.

6. Importations consist of both foundry and domestic coke as follows:

	Tons
1931	Nil
1932	1,798
1933	4,801
1934	16,013
1935	8,750
1936*	1,856

*(January to May.)

PROROGATION OF PARLIAMENT

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 Honourable Thibaudeau Rinfret, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 5 o'clock for the purpose of proroguing the present session of Parliament.

The Senate adjourned during pleasure.

The Honourable Thibaudeau Rinfret, 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 Honourable the Deputy Governor General:

BILLS ASSENTED TO

An Act respecting The St. Lawrence and Adirondack Railway Company.

An Act respecting The Ottawa and New York Railway Company.

An Act respecting Thousand Islands Bridge Company.

An Act respecting the Carriage of Goods by Water.

An Act for the relief of Madeleine St. Clair Peacock Milroy.

An Act for the relief of Bella or Bessie Laurie Wozik, otherwise known as Bella or Bessie Laurie Rabinovitch.

An Act for the relief of Agnes Hannah Wright.

An Act for the relief of Margery Brunhilde Morphy Dunton.

An Act for the relief of Mania Leizerson Oberman.

An Act for the relief of Milton Sandford Enoch Chase.

An Act for the relief of Jessie Dansky Glazer, otherwise known as Jobeth Dansky Glazer.

An Act for the relief of Mildred Eileen Champion Webster.

An Act respecting The Trust and Loan Company of Canada.

An Act respecting the Canadian National Railways and to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred during the calendar year 1936.

An Act to amend the Customs Tariff.

An Act to amend the Special War Revenue Act.

An Act to authorize the raising, by way of loan, of certain sums of money for the Public Service.

An Act to assist towards the Employment of former Members of the Forces.

An Act to amend the Canada Shipping Act, 1934.

An Act to amend The Excise Act, 1934.

An Act respecting the Department of Mines and Resources.

An Act respecting the Department of Transport.

An Act to amend the Judges Act.

An Act to amend The Juvenile Delinquents Act, 1929.

An Act to amend the Dairy Industry Act.

An Act respecting the appointment of Auditors for National Railways.

An Act to amend The Dominion Franchise Act (Dominion By-Elections).

An Act respecting the Construction of a Canadian National Railway Line from Senneterre to Rouyn, in the Province of Quebec.

An Act to provide for Dominion By-elections.

An Act for the relief of Harry Candlish Coughtry.

An Act for the relief of Jean Malkinson Goldenberg.

An Act for the relief of Edith Lillian Astroff Nevitt.

An Act for the relief of Lillian Gladys Cheney Perry.

An Act for the relief of Albert Leonard Johnson.

An Act for the relief of Reva Marcus.

An Act for the relief of Ethel May Luckie Atkinson.

An Act for the relief of Edythe Mary Ross Brown.

An Act for the relief of Joseph Paul George Marcoux.

An Act for the relief of Adjutor St. Jean.

An Act to amend the Income War Tax Act.

An Act to incorporate The Order of Italo-Canadians.

An Act respecting Broadcasting.

An Act to amend the War Veterans' Allowance Act.

An Act to amend The Canadian National-Canadian Pacific Act, 1933.

An Act to amend the Customs Act.

An Act to amend the Criminal Code.

An Act respecting the establishment of a National Park in each of the Provinces of Nova Scotia and Prince Edward Island.

An Act to amend the Bank of Canada Act.

An Act to amend the Pension Act.

An Act respecting the National Harbours Board.

An Act to amend The Unemployment Relief and Assistance Act, 1936.

An Act to amend The Copyright Amendment Act, 1931.

An Act for granting to His Majesty certain sums of money for the Public Service of the financial years ending respectively the 31st March, 1936, and the 31st March, 1937.

SPEECH FROM THE THRONE

After which the Honourable the Deputy Governor General was pleased to close the First Session of the Eighteenth Parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

In relieving you of your duties, I congratulate you upon the care and attention given the many far-reaching measures submitted for your consideration. Your labours have been arduous and exacting; they have, however, served to complete, almost in its entirety, the extensive program outlined in my speech at the Opening of Parliament.

The Trade Agreement concluded on Armistice Day, 1935, between Canada and the United States of America, received your early approval, and its provisions have now been in force for some time. Legislation has been passed implementing the undertakings of the Agreement

and of the settlement of the trade dispute with Japan. Substantial reductions have been made in the rates of duty on implements of production in the agricultural industry, and on machinery in other basic industries, as well as on articles of domestic consumption. The pronounced increase of our trade during recent months is evidence of the beneficial effects of the Government's fiscal policies. My Ministers are continuing their efforts to expand trade with other countries.

Comprehensive measures have been enacted to effect a nation-wide co-operative effort to overcome conditions created by the long-continued existence of unprecedented unemployment, and to effect a more complete supervision of the expenditure of funds for purposes of relief. The National Employment Commission has been appointed, and has entered upon its duties. Appropriations have been made for projects to provide work, and to assist the provinces in the granting of direct relief. The Government has been authorized to enter into agreements to expand industrial employment. Special provision has been made to supply work for single homeless men in relief camps, and the camps will be closed on July the first.

Provision has been made for aiding in the re-establishment of needy fishermen and for expanding the sale of Canadian fisheries products at home and in foreign markets.

The Bank of Canada Act has been revised so as to give to the Government effective control of the Central Bank as well as a predominant interest in its ownership.

Existing legislation respecting the Canadian National Railways has been amended so as to provide for the appointment of a Board of Directors in a manner which will serve to afford a greater measure of governmental authority and responsibility to Parliament.

Radio broadcasting in Canada has been made the subject of inquiry by a Special Committee of the House of Commons. The Committee's recommendations have been embodied in legislation which provides for the carrying on of a national broadcasting service in Canada under a broadcasting corporation having complete control over all forms of broadcasting, whether public or private.

Provision has been made for the reorganization and consolidation of important departments and branches of the Public Service. The consolidation of certain existing departments into the Department of Mines and Resources and the Department of Transport, and the co-ordination of the administration of the national harbours, will greatly further the ends of efficiency and economy.

The Royal Commission appointed to inquire into conditions in the textile industry is continuing its investigation, and a Royal Commission has been appointed to conduct an investigation respecting the importation and distribution of anthracite coal.

The War Veterans' Allowance Act has been amended to provide for special consideration to veterans having attained the age of fifty-five. A Veterans' Assistance Commission Act has been passed with a view to securing more general employment of returned soldiers. Amendments have been made to the Pensions Act to simplify procedure and expedite the hearing of claims.

Amendments to the Criminal Code have been made, including the repeal of Section 98, relating to unlawful associations.

Other important measures have been enacted.

The several opinions of the judges of the Supreme Court of Canada touching the validity, in whole or in part, of a number of measures enacted at the sessions of Parliament in 1934 and 1935, have been received within the past few days, and are being carefully studied by my Ministers and by the law officers of the Crown.

My Ministers have given continuous thought to the serious international situation. They have sought to support by all appropriate and practicable means the establishment of a world order based on justice and equity. At the forthcoming meetings of the Assembly of the League of Nations to be held at Geneva at the end of the present month, and in September, the representatives of Canada will seek, in co-operation with other delegates, to further in the most effective way the aims and ideals of the League.

His Majesty the King has graciously consented to unveil, on July 26, the memorial on Vimy Ridge, erected in commemoration of the valour and sacrifice of the Canadian soldiers who fought during the Great War. The acceptance by the King of the invitation of His Majesty's Canadian Ministers, and by the President of the French Republic of the Canadian Government's invitation to be present on this occasion has been deeply appreciated.

Members of the House of Commons:

I thank you for the provision which you have made for the Public Service.

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

The many important measures enacted at the present session, the first of the eighteenth Parliament of Canada, constitute, I believe, a substantial contribution towards national recovery.

In taking leave of you at this time, I pray that the blessing of Divine Providence may rest upon your labours.

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